



PHD

## The negotiation of Greece's accession to the European Communities

Tsalicoglou, Iacovos S.

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THE NEGOTIATION OF GREECE'S ACCESSION  
TO THE EUROPEAN COMMUNITIES

submitted by Iacovos S. Tsalicoglou  
for the degree of PhD  
of the University of Bath  
1986

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## TABLE OF CONTENTS

SUMMARY . . . . .	v
LIST OF TABLES . . . . .	vii
PREFACE . . . . .	viii
INTRODUCTION . . . . .	1

### PART ONE. FROM ASSOCIATION TO FULL MEMBERSHIP

#### Chapter

I. THE ASSOCIATION OF GREECE WITH THE EUROPEAN ECONOMIC COMMUNITY . . . . .	52
--	----

Nature and Scope of the Association  
Agreement  
The Record of the Association  
The Effects of Association on Greek  
Economic Development  
Association vs. Full Membership

II. FROM ASSOCIATION TO FULL MEMBERSHIP: SOME GENERAL CONSIDERATIONS . . . . .	89
---	----

Greece's Application for Membership  
An Overall View of the Negotiations  
The Domestic Scene

### PART TWO. THE CONDUCT AND OUTCOME OF THE NEGOTIATIONS: A SECTORAL ANALYSIS

III. HORIZONTAL ASPECTS OF THE NEGOTIATIONS . . . . .	148
General Issues	
The Institutional Aspects	
The Budgetary Aspects	

IV. CUSTOMS UNION AND FREE MOVEMENT OF GOODS IN THE INDUSTRIAL SECTOR . . . . .	180
--	-----

General Considerations  
Elimination of Intra-Community Customs  
Duties  
Alignment on the Common Customs  
Tariff (CCT)  
Elimination of Quantitative Restrictions

Abolition of Measures Having Equivalent  
Effect to Quantitative Restrictions  
A Common Theme: The Protection of Greek  
Industry

V. EXTERNAL COMMERCIAL RELATIONS . . . . . 214

Scope of the Negotiating Field and  
General Principles  
Quantitative Restrictions on Imports  
from Third Countries  
Measures Having Equivalent Effect to  
Quantitative Restrictions  
Community Preferential Agreements with  
Third Countries  
Textiles  
A General View of the Commercial-Relations  
Dossier

VI. AGRICULTURE . . . . . 264

General Considerations  
Customs Union and the Free Movement of  
Goods in the Agricultural Sector  
External Commercial Relations  
Mechanisms of the Common Agricultural Policy  
The Substance of the Agricultural  
Negotiations

VII. OTHER FIELDS OF COMMUNITY ACTIVITY . . . . . 324

Free Movement of Capital  
Right of Establishment and Freedom  
to Provide Services  
Social Policy  
Regional Policy  
Transport Policy  
Economic and Financial Affairs  
European Coal & Steel Community  
European Atomic Energy Community

PART THREE. THE WIDER FRAMEWORK

VIII. THE IMPACT OF THE ASSOCIATION AGREEMENT ON THE  
ACCESSION NEGOTIATIONS . . . . . 371

The "Uniqueness" of Greece's Association  
Agreement  
The Association Agreement within the  
Framework of the Community's  
Mediterranean Policy  
Association as a Preparatory Stage to  
Full Membership  
The Role of the Association Agreement  
in the Accession Negotiations

IX. THE GREEK NEGOTIATIONS WITHIN THE PERSPECTIVE OF THE COMMUNITY'S PROCESS OF ENLARGEMENT . . . . .	388
---	-----

The Experience of the First Round  
of Enlargement  
The Prospect of the Iberian Enlargement

CONCLUSION . . . . .	428
----------------------	-----

BIBLIOGRAPHY . . . . .	442
------------------------	-----

## SUMMARY

The present thesis examines in detail the negotiations that led to Greece's accession to the European Communities and establishes an analytical framework within which the internal structure, progress, and final outcome of the negotiations are interpreted and assessed. According to the central hypothesis of the research, the detailed structure of the negotiations was largely determined by internal mechanisms of Community decision making within the constraint of the "acquis communautaire," while their overall progress, momentum, and successful conclusion were influenced by external (and primarily political) considerations. The results obtained are generally consistent with this hypothesis as well as with the conclusions reached by other authors.

The thesis is organized in three parts. Part One examines Greece's move from association to full membership and analyzes the broad contours of the accession negotiations. Part Two investigates in detail the conduct and outcome of the negotiations by following a sectoral analysis of the individual dossiers on the basis of a thorough research of the official negotiation documents. Part Three places the discussion in a wider context by establishing a causal link between Greece's association and accession and interpreting the Greek experience as part of an on-going process of Community enlargement.

Within this conceptual framework, the thesis attempts to establish an analytical link between the pre-accession and postaccession periods of Greece's relations with the Community; and to identify certain general negotiating mechanisms that transcend the specific circumstances of the Greek case and help illuminate the nature of Community enlargement.

## LIST OF TABLES

1.	Hypothetical Budgetary Consequences of Greek Membership on the Basis of 1976 Estimates (in million u.a.) . . . . .	94
2.	The Progress of the Accession Negotiations (Quarterly Periods) . . . . .	110
3.	Estimate of Greece's Financial Balance with Respect to the Community Budget for the First Year after Accession, on the Basis of the Terms Negotiated by 21.12.1978 (in million EUA) . . . . .	168
4.	European Community Agreements Concluded with Mediterranean Countries, 1962-73 . . . . .	374

## PREFACE

The empirical aspects of the thesis, especially those based on the examination of primary-source material, derive from my own personal involvement in the accession negotiations as a member of the Greek Permanent Delegation in Brussels. The moulding of this knowledge into a workable analytical framework owes much to the unfailing guidance and encouragement of my supervisor Dr. Alan Butt Philip, to whom I am deeply grateful.

In addition to the resources of the Centre for European Industrial Studies and the University Library, I have made use of the facilities of the Chatham House Press Library in London, the Central Library of the Commission of the European Communities in Brussels, the Athens Offices of the Commission and European Parliament, and the Library of the Bank of Greece. I wish to express my sincere thanks to the staff of all these institutions.

Finally, I am grateful to my family, whose patience and understanding have helped me through many unseen obstacles, delays, and frustrations during the course of my research; they have aided me more than they can know.



## INTRODUCTION

The object of the present research is the detailed examination of the negotiations that led to Greece's entry to the European Communities and the investigation of their internal structure, progress, and final outcome within a proper analytical framework. This will hopefully contribute not only to a fuller understanding of the evolution and prospects of the relations between Greece and the European Community<sup>1</sup> but also to a clearer view of the Community's negotiation and decision-making processes.

The problem under investigation is to identify the functional relationships that underlie Greece's choice for full membership, the opening of the accession negotiations, their conduct, and final outcome. As a working hypothesis, the view adopted is that the detailed structure of the negotiations, the questions raised, and the solutions reached were largely determined by internal mechanisms of Community decision making and constrained by the state of the "acquis communautaire";<sup>2</sup> on the other hand, the opening of the negotiations as well as their overall progress, momentum, and final outcome were influenced by external, and primarily political, factors.

Furthermore, the negotiations are seen as being essentially linked with the postaccession period in two different ways, suggesting in turn two separate but

complementary theoretical approaches. Viewed as part of an on-going process of Community negotiations and decision making, the analysis of the Greek experience transcends the details of the particular historical context and helps illuminate the nature of Community negotiations in general and enlargement negotiations in particular. At a different level, viewed as part of the wider spectrum of Greece's attitudes towards the European Community, an analysis of the negotiation strategies and overall approach to the question of membership contributes to an understanding of Greece's "policy style" towards the Community and of the links between Greek domestic politics and Community decision making.<sup>3</sup>

Given the vastness and complexity of the subject matter, it is necessary to impose certain limits to the research in order to ensure that it retains a clear focal point. While the details of these limits emerge in the course of reviewing the relevant literature, the overall scope of the thesis is best delineated by distinguishing two stages in the enlargement process. The first one comprises the conduct and outcome of the negotiations, ending with the signing of the Treaty of Accession; the second covers the process whereby both sides adjust to the new reality of an enlarged Community. In actual practice the two phases are not entirely distinct, as adjustments often take place in anticipation of membership and not only on the basis of the strictly defined terms of entry. However, for the analytical purposes of the

present research, it is helpful to distinguish between these two themes and focus primarily on the conduct and outcome of the Greek negotiations as a process having its own unity.<sup>4</sup>

#### A. Review of the Literature

Greece's relations with the European Community and the issues connected with the Community's enlargement constitute complex fields of study with a voluminous literature that does not cease to expand, following the evolution of the Community and integrating themes which in their genesis were dealt with under separate lines of investigation. However, a careful examination of the relevant literature reveals that while Greece's pre-accession experience and postaccession prospects have been amply investigated in terms of both a national and a Community perspective, the conduct and internal structure of the accession negotiations themselves--and for that matter of the association negotiations<sup>5</sup>--have received little scholarly attention. The reasons for this gap should be sought not only in the lack of adequate empirical evidence but also in the inherent difficulties of designing an appropriate analytical, rather than descriptive, framework. It is with these considerations in mind that the present thesis has been conceived. Thus, while it draws from a number of significant contributions and secondary sources in order to analyze the wider aspects of the Greek accession negotiations, it relies

mainly on primary sources to examine in detail their internal logic. (These sources, together with various issues connected with their use and interpretation, are examined methodologically further below.)

Before reviewing the existing literature as it relates to the specific areas of the present research, certain general points should be noted which bear on the thesis as a whole.

The study of the Greek negotiations lies at the crossroads of the study of Greece's previous relations with the EEC as an associate member; of the first enlargement of the Community through the accession of Denmark, Ireland, and the United Kingdom; and the Community's last enlargement through the accession of Portugal and Spain. It is not surprising, therefore, that in his task to conduct a literature survey, the researcher faces a formidable challenge. In terms of quantity, any hope to achieve an exhaustive search should be abandoned; given the vast and expanding volume of published material, it is possible, and even preferable, to be selective. In terms of quality, the unwary researcher runs the risk--greater, perhaps, than in other fields of inquiry--of drowning in a sea of paraliterature, where questionable scholarship mingles with partisan polemics and hagiography.

These observations are particularly relevant in the case of the Greek bibliography:<sup>6</sup> the entries run into thousands, but an assessment of their relative merits reveals profound differences. The same conclusion is

reached by Mitsos in his comprehensive and critical survey of the Greek literature.<sup>7</sup> Although covering only works published between 1974 and early 1979, this is an indispensable tool in an area where the conspicuous lack of scholarly journals results in the use of quality newspapers (especially their Sunday editions) and magazines as a publishing medium for the presentation of analytical works.<sup>8</sup> These shortcomings are not peculiar to the present subject but extend to the wider field of foreign affairs and international relations, as Couloumbis notes.<sup>9</sup> It is not surprising, therefore, that among the major Greek studies, those that predominate are primarily technical in nature and concerned with the economic and legal implications of membership rather than with the broader aspects of Greece's accession and the Community's Mediterranean enlargement.

Among the numerous--mainly English, French, and German--contributions to the study of these latter issues, the work of Loukas Tsoukalis is particularly significant; as specified in the course of the present research, his analytical framework bears on it in a number of important ways. In his book The European Community and Its Mediterranean Enlargement,<sup>10</sup> Tsoukalis provides a comprehensive study of Greece, Portugal, and Spain in the context of their Community membership; and of the implications of accession for the three entrants as well as for the enlarged Community. From this perspective, the entry of Greece into the Community is seen as part of an on-going,

and conceivably open-ended, process of Mediterranean enlargement. Focusing on the interaction between the Three and the Nine, Tsoukalis shows that, while enlargement will provide an opportunity for a critical internal examination of Community policies and institutions, it will undoubtedly have a greater impact on each of the three entrants than on any of the existing members. His central argument that Community membership is a political and economic necessity for the three entrants is based on certain assumptions--namely, the growth of protectionist trends in the world economy which enhances the attractiveness of free intra-Community markets; the increasing importance of international negotiations which makes a country's peripheral existence problematic; and the real influence that a small member state can exercise in Community decision making which compensates for its size. These assumptions suggest, in turn, the extent to which Community membership is a challenge involving certain calculated risks--a challenge that does not absolve national governments from their responsibilities to provide for economic development at home. From a Community perspective, enlargement is also seen by Tsoukalis as a challenge, given that it will intensify an already strained situation with respect to Community policies and institutions. His general conclusion is that the Mediterranean enlargement testifies to the Community's growing political importance--although, in a rapidly changing international environment with its attendant increase

in the economic and political divergence inside the Community, this importance largely rests on the extent to which enlargement will become a catalyst for internal Community reforms.

A special category of sources that should be singled out concerns the proceedings of Conferences devoted wholly or partially to an analysis of the problems and prospects of Greek membership--especially those that took place during the course of the Greek accession negotiations as well as during the period immediately preceding or following them. The timing of these Conferences, coupled with the fact that among the participants were often members of the Greek and Community negotiating teams or officials responsible for the conduct of the negotiations,<sup>11</sup> suggests that their importance should not be measured purely on the scholarly quality of the papers presented and discussed. Such Conferences were those held in Athens (1975), Brussels (1977), Oxford (1977), Bruges (1978), Sussex (1979), and Madrid (1979);<sup>12</sup> their proceedings have been researched, and their relevance to specific issues raised in the thesis is noted further below.

Another special category of sources concerns material published by the European Communities. Leaving aside certain "derivative" publications that have been consulted for purely factual and descriptive purposes, the research has concentrated on those primary and documentary sources of the European Communities that bear

on its central theme. Specifically, in addition to the formal negotiating documents which are investigated exhaustively,<sup>13</sup> the following have also been examined: the Association Council Reports;<sup>14</sup> the Commission's Opinions on the Greek, Portuguese, and Spanish applications for membership;<sup>15</sup> the Economic and Social Committee's study on the relations between the Community and Greece, as well as its Opinion on the enlargement of the Community;<sup>16</sup> the Commission's "Fresco" on enlargement;<sup>17</sup> the Committee-of-Three and Spierenburg reports;<sup>18</sup> proceedings of the European Parliament (EP);<sup>19</sup> and various EP Reports.<sup>20</sup>

Quite apart from published sources, a bibliographical search of unpublished doctoral dissertations has been conducted<sup>21</sup> in order to identify material that might usefully be examined in the light of the research design. This has revealed that although the relations between Greece and the European Community is a popular area for doctoral dissertations, the central questions raised and investigated in the present thesis have received little attention. The tendency is to conduct either analyses of past trends and relations, or impact studies of future prospects, or a combination of both; and to treat the accession negotiations as a parameter rather than a variable that has to be functionally explained and conceptually interpreted.<sup>22</sup>

Turning now to the investigation of the central and subsidiary themes of the thesis and the ways in which the existing literature bears on them, certain points



should be noted in respect of Greece's association with the EEC. In examining this topic, the objective has been twofold: to provide a historical background to the central theme and to identify those aspects of the association that shed light on the conduct and outcome of the accession negotiations. Accordingly, although Greece's association has given rise to a large body of literature, it is the more recent studies that are of greater value, since they examine the Agreement not simply within its legal and institutional framework but also from the critical perspective of its historical record. However, this is not to deny the usefulness that certain older studies have retained. This is especially true for Triantis' work,<sup>23</sup> which is the first systematic attempt to assess Greece's association within a formal analytical framework. Triantis raises the question of economic integration as an engine of development, in the particular case of an association of unequal partners and its impact on the foreign-trade sector of the less-developed member. Although his highly critical stand on the Association Agreement in the context of Greece's overall pattern and prospects of economic development may appear premature in retrospect, his underlying thesis that "in trading arrangements between underdeveloped and advanced economies a 'double standard of morality' is both justified and necessary"<sup>24</sup> is a legacy that has survived in the Greek accession negotiations. At a different level, the early papers on the subject by Pesmazoglou<sup>25</sup> are of particular relevance, given the

author's position as head of the Greek team in the course of the association negotiations. Two important conclusions stand out from Pesmazoglou's numerous writings. Firstly, Greece's choice in favour of association rather than full membership in the late fifties was not an indication of a lukewarm stand on the issue of European integration but of an awareness of the state of Greece's economic development, which clearly made association the optimum policy option and full membership the long-term objective. Secondly, the benefits of association were not seen as accruing automatically from the provisions of the Agreement but as being largely dependent on Greece's effectiveness in defending her interests within the organs of the association and in adapting her internal structures. Although coming at a time when the first clouds were beginning to appear in the implementation of the Agreement, Pesmazoglou's thoughts on this matter should more appropriately be interpreted as a sober assessment of the realities of European integration and Community decision making rather than as a note of disillusionment with the prospects of association.

Among the more recent contributors, Yannopoulos<sup>26</sup> provides a concise and balanced analysis of the association as well as of the wider economic and political issues surrounding it. Looking at the association's troubled record, he traces the roots of its distortion in the "freezing" of the Agreement during the period of dictatorship. According to Yannopoulos, the Community's initial

intention of limiting the Agreement to its current administration became rather hazy and was gradually diluted in practice, losing along the way much of its effectiveness as an instrument of exerting political pressure against the Greek military regime: association proved mutually advantageous in economic terms to an extent that economic self-interest outweighed and even bypassed political considerations and ideological commitments. Taking the freeze of the Agreement as his central theme, Coufoudakis<sup>27</sup> develops the political aspects of the argument further and attempts to analyze the wider significance of the Community's policy. He concludes that, in spite of the Community's inherently limited capacity to exercise political pressure against the Greek military regime, the freeze did have a positive (though mainly indirect) impact on political developments in Greece by contributing to the junta's isolation; on the other hand, it also contributed to the evolution of a Community association policy based on the political criteria of membership.

Given the distortion of the Agreement and the inconclusive nature of the available evidence, it is difficult to assess the effects of the association on the Greek economy. The relevant literature has been reviewed by Yannopoulos<sup>28</sup> who concludes that, within the empirical and analytical limitations involved, the Agreement was of significant economic value to Greece; and although the picture is less clear with respect to agricultural goods than with respect to industrial goods,

the position of Greece would have been much worse without her association agreement. Recently the literature has also been reviewed by Pomfret<sup>29</sup> who reaches similar conclusions but tends to be more skeptical about the strength of a causal relationship between preferences and economic performance; trade is thus seen, in line with Irving Kravis' thesis, as a handmaiden of growth rather than as an engine of growth. This is a problem that has also been examined by Mitsos,<sup>30</sup> who attempts to separate the impact of association from the effects that were the natural outcome of the inherent problems of Greek industry and the development policy pursued. He argues that the significance of the association should be sought more in the intensifying impact that it had on Greek industrialization and trade expansion, and less in any direct qualitative effect on the course of the country's economic development.

For an understanding of the political climate and diplomatic moves that surrounded the period from the submission of the Greek demand for membership until its acceptance by the Council, the work of Siotis<sup>31</sup> is particularly valuable. According to his argument, it was not only the Commission's visible line of reasoning in its Opinion on the Greek application that affected adversely public opinion at home but also what seemed to lie behind it: it was felt that Greece's motives for applying in the first instance were wrongly perceived and the strength of their essentially political nature

underestimated. Siotis interprets the Council's swift and firmly positive response to the Greek demand for membership as primarily the outcome of intense bilateral contacts within the Community; on the other hand, Greece's assurances that she would not use her future status as a full member to block the development of Turkey's relations with the Community was, in his view, an additional contributing factor.

The relations between Turkey and the European Community form a vast subject with economic, political, and strategic dimensions; and with a correspondingly extensive bibliography which has been consulted only selectively. Thus, Turkey's association agreement is examined only briefly and to the extent that its comparative analysis vis-à-vis the Greek one throws light on the latter. Yardas' study<sup>32</sup> is particularly relevant in this respect. Beginning with a perceptive analysis of the wider aspects of associate status under article 238 of the EEC Treaty, it proceeds to identify Turkey's preparatory stage as the critical element that differentiates the two agreements. Quite apart from the economic reasons that made it necessary, this provision is seen as the main source of uncertainties in Turkey's early relations with the Community through which the interplay of inherently volatile political factors assumed a greater significance in the case of the Turkish agreement than in the Greek one, making the former prone to a chequered development. The two agreements have also been examined,

following Henig's analysis,<sup>33</sup> in the context of the Community's early bilateral policies and external relations. Henig argues convincingly that, given the Community's doctrinal vacuum with respect to the concept of association and its limitation of competence in the field of external policy, the scope of the association agreements was necessarily confined to the economic sphere--even though the Community's motivation for such bilateral agreements was essentially political.

The Greco-Turkish dispute has added new dimensions to an already complex issue, interacting significantly with the Community's equidistant policy towards the two countries in the light of Greece's application for membership. This problem is examined in detail by Tsakaloyannis and also by Kohlhase.<sup>34</sup> According to Tsakaloyannis, the acceptance of the Greek application for membership meant that the Community became inevitably involved in the dispute between the two countries, terminating the equidistant approach which characterized the Community's policy towards them since the late fifties; and even though Greek membership has led to a greater political sensitivity on the part of the Community to Turkey's needs and a concern about her possible alienation from the West, it is difficult to see how the balance can be restored in the foreseeable future. Looking at the problem from a Community perspective, Kohlhase similarly identifies Greek accession as the main cause for the deterioration of relations between Europe and Turkey but ends his analysis

with a more optimistic note about the Community's capacity to restore a new and lasting balance in Greco-Turkish relations.<sup>35</sup>

While an analysis of the internal structure and processes of the accession negotiations has to rely almost entirely on primary sources, a critical assessment of their record and final outcome is aided by a review of the press. In addition, a group study by Mitsos et al.<sup>36</sup> is particularly valuable in its analysis of the terms of entry and the sectoral implications of membership.

On the question of Greece's internal developments in the course of the negotiations, the research by Valinakis<sup>37</sup> provides a useful overall view. An important theme which emerges from his analysis of the domestic scene, and which helps explain the peculiarities of Greece's decision-making process at the time of the negotiations, is the role of interministerial conflicts and the gradual shift of power in Community matters from the Ministry of Coordination to the Ministry of Foreign Affairs. According to Valinakis, the urgency of the accession negotiations accelerated this development, intensifying at the same time the overcentralization of the administrative machinery and the emphasis on personal relations--both by-products of bureaucratic inefficiency that influenced the conduct of the accession negotiations. The Greek administrative framework has also been examined by Yataganas<sup>38</sup> who extends the analysis to the post-accession period and to the legal and organizational

problems surrounding Greece's process of adjustment to the terms of entry and the *acquis communautaire*. Yataganas argues that the urge to speed up the negotiations affected adversely--both in form and substance--the quality and precision of the instruments of accession and hence the process of adaptation.

The overall conduct of the negotiations and the terms of entry concluded have been debated with varying skepticism.<sup>39</sup> Of particular relevance are the criticisms regarding the Government's approach and handling of the negotiations expressed by Kyriazidis and Varfis<sup>40</sup>--head and member, respectively, of the Greek team in the early stage of the negotiations who resigned in January 1977. Their views throw considerable light on the domestic controversies surrounding the choice of an optimum bargaining strategy. The central argument that emerges from their numerous writings in the Greek press is that the Government's preoccupation with speed and political leverage at the cost of tougher and more careful negotiations was the wrong approach to follow. The abandonment of a hard bargaining line based on the defense of the "*acquis d'association*" could only mean the serious compromise of the Greek interests. No trade-off existed, in their view, between political benefits and economic gains: the Government's approach would ultimately lead to the loss of both. The government line is presented in a number of public statements by senior officials. Those by Theodoropoulos,<sup>41</sup> the chief negotiator that succeeded



Kyriazidis, are particularly relevant, although (in line with the Government's secretive attitude) his diplomatic language sheds little light on the real issues and preoccupations of the Greek negotiating team. In his view, it was the acceleration of the negotiations that led to the dissociation of the Greek candidature from those of Portugal and Spain--a development that formed the prime defense of the Government's negotiating approach. A recently published personal account of the events leading to accession by Kontogeorgis,<sup>42</sup>--then Deputy Minister and, later, Minister of Relations with the European Communities--should also be noted in this context; it is primarily useful in interpreting the way in which the question of membership and the conduct of the negotiations were perceived and handled by the Greek Government. What comes clearly out of his account is the decisive role played by Prime Minister Konstantinos Karamanlis throughout the negotiations--a role that is inextricably linked with their successful completion. Although understandably eulogistic, written by one of his closest assistants, it is a work that contributes to an assessment of the extent of Karamanlis' personal handling of the negotiations. The above analyses lead to the much wider subject of the attitudes and policies of Greek political parties towards the Community. This field, which is examined in the present thesis only in general terms, has been surveyed extensively by Mitsos.<sup>43</sup> The domestic political attitudes may be examined from a longer perspective by

looking also into the previous debate on the question of association, as Syrianos<sup>44</sup> has done; it is easy to discern in this manner the degree of change and continuity in party philosophies, and the ways in which old arguments were recycled and resurfaced on the question of accession.

Despite the large and growing volume of the literature relating to the effects of membership on the Greek economy,<sup>45</sup> the works that may lay claim to detached scholarship are relatively few. Furthermore, the majority of the purely economic studies, even those whose internal consistency cannot be questioned, are of limited use to an understanding of the elusive issues that marked the negotiations--issues whose inherently political nature was often concealed with an economic and legal argumentation. By almost invariably adopting a static analytical framework and a set of highly restrictive assumptions, such studies tend to ignore or play down the dynamic aspects of membership; and their conspicuous lack of consensus leads to a situation where more questions are being raised than answered.

Within these constraints, certain recent contributions are nevertheless worth noting, as for example Aktan's attempt to measure the static allocative effects of enlargement.<sup>46</sup> With more confidence in the direction of the effects than in their absolute size, Aktan concludes that the elimination or reduction of trade and factor-movement restrictions is likely to lead to resource reallocation gains for both the old members and the three new entrants.

Regarding the Greek industrial sector--which has been analyzed less, in terms of both quantity and quality, than agriculture--the general studies by Mitsos and the more specific ones by Katsos & Spanakis and by Yannopoulos should be noted.<sup>47</sup> According to Mitsos, Community membership will have a direct impact on Greek industry due to the liberalization of trade and capital movements, the application of Community rules (especially in the fields of competition and indirect taxation), and the availability of new sources of finance; but it will also have indirect effects, deriving primarily from changes in industrial structure and the status of workers. On the other hand, the magnitude of these effects will depend on the extent of implementation of the Association Agreement and on the length of the transitional arrangements envisaged in the terms of entry. The investigation by Katsos and Spanakis is a further contribution to the debate concerning the effects of Community membership on the rate of protection enjoyed by industry: their work aims at measuring the rate of protection, both nominal and effective, of Greek industry before and after accession. Their basic conclusion is that accession will lead to a substantial reduction in the rate of protection, with a high likelihood that the effective rate may even become negative; and although a shock to Greek industry in the short run, this effect may give rise to welcome structural changes in the long run. Yannopoulos goes further and attempts to estimate the likely effects of

membership on the pattern of Greek manufacturing production. Although no clear answer is provided to the problem in hand (given the inherent weakness of an analysis that relies on past trade performance to estimate future trends), his work identifies nevertheless certain strengths and weaknesses in the pattern of Greek industrial production which are indicative of the direction of the allocative effects of membership stemming from Greece's adoption of the Community's industrial customs union. It is worth noting that the sectors found to be best performers largely coincide with declining sectors in the Community--textiles and clothing; manufactures of rubber, leather, etc.; iron & steel and non-ferrous metals and metal manufactures. On the other hand, sectors likely to face the greatest difficulties include transport equipment, mechanical & electrical engineering, and chemicals.

Regarding the agricultural sector, there are various strands in the existing literature which should be noted with reference to certain representative studies. On the question of resource reallocation, it is generally thought that Community membership will affect the pattern of Greek agricultural production through the application of the common agricultural policy's (CAP) market organization. However, there are two constraints in reaching specific conclusions on this issue, emphasized respectively by Efstratoglou-Todoulou<sup>48</sup> and Marsh<sup>49</sup>: the analytical problems of quantification and Greek agriculture's lack

of flexibility due to environmental factors. Given the latter constraint and a competitive EEC economy, Marsh argues that the likely changes in the Greek pattern of production will reflect Greece's difficulties in shifting towards the products with the greatest degree of CAP protection (cereals, milk, and beef) as well as her relative advantage in producing certain fruit and vegetables, wine, tobacco, and cotton. A related issue concerns the trade effects of membership from the adoption of the Community's customs union and commercial policy. Although it is reasonable to expect an increase in Greek agricultural exports to the Community, the extent of the increase, as both Efstratoglou-Todoulou and Pepelasis<sup>50</sup> emphasize, will largely depend on domestic structural improvements. On the other hand, the sector will be exposed to greater competition from Community Mediterranean producers and third countries in products such as olive oil, tobacco, and certain fruit and vegetables. Trade diversion may also be expected to occur, especially in meat and dairy products, with Community imports into Greece replacing third-country ones. The relative weight of these factors in the overall balance is open to debate, leaving room only for qualitative and tentative conclusions. Marsh, for example, sees more scope for growth of Community exports to Greece than for Greek exports to the Community.

The above issues lead to a general discussion of the impact of CAP on Greek agriculture. Although it is generally held that membership will benefit Greek

farmers, a number of authors have adopted a dissenting view, raising doubts not only about the magnitude of the benefits but also about their very occurrence. This line of analysis is followed, for example, by Marsh, who nevertheless recognizes that his conclusions, based on a static view of the CAP, would have to be reexamined to the extent that Greek entry and the further enlargement of the Community would set in train an evolution of the CAP.<sup>51</sup> As already noted, reliance on a static framework, often exclusively so, is a common shortcoming of most economic studies, largely a reflection of the state of knowledge in applying theoretical constructs to complex real-world situations. This problem is noted by Ries<sup>52</sup> (in the particular case of the implications of membership for Greek agriculture) who is skeptical about the predictive and prescriptive value of analyses that ignore or play down the dynamic impact of enlargement on the evolution of Community policies. A case in point is a study by Christou and Sarris.<sup>53</sup> Focusing on the domestic adjustments that will arise due to relative price changes among products after the adoption of the Community's price structure, they estimate the likely static effects of membership and conclude that Greek agriculture would probably fare worse if Greece entered the Community than if not. It is worth noting that their analysis has given rise to certain methodological criticisms which, in addition to the above general comments, make their argument not entirely convincing.<sup>54</sup> Shifting the emphasis from

relative price adjustments to the structural implications of membership for Greek agriculture, Pepelasis argues that the overall effect will be positive, although it is expected to be neither automatic nor immediate. Accordingly, the extent of the likely benefits is seen to depend on the formulation of a long-term development policy for Greek agriculture and for the Greek economy as a whole. On the other hand, given the CAP's emphasis on market mechanisms rather than on structural measures, the immediate structural impact of membership will be limited. In Pepelasis' view, which is shared by Efstratoglou-Todoulou, it is primarily the future trends in Community structural policies which are encouraging and which allow for an optimistic assessment of the prospects of Greek agriculture.

Another area of analysis concerns the financial implications of the CAP; it is an area that has attracted considerable attention, overlapping with the wider discussion of the budgetary aspects of membership. Considering the impact that Greek membership would have on the Community, it has been argued (as, for example, in the Commission's Opinion on the Greek application<sup>55</sup>) that the effect of integrating Greece's agriculture and economy as a whole into the Community is likely to be significant only in budgetary terms. This conclusion holds only when Greece, with the small size of its economy, is seen in isolation; the magnitude of effects is obviously of a different order when the Greek case is set

in the context of Mediterranean enlargement. Similarly, when considering the impact of Community membership on Greece, there is a tendency to inflate those aspects relating to financial transfers. Whether from a Community or a Greek perspective, such preoccupation with the direct financial implications of enlargement often leads to a distorted analysis, since it bypasses other significant, though less visible, factors. This point is made by Ries, who stresses the need to avoid exaggerations when considering the implications of Greek agriculture for the Community budget. It is also made by Ritson<sup>56</sup> in a paper which, by classifying conceptually the various dimensions of the subject, suggests a logical sequence in the investigation of the agricultural aspects of enlargement. He argues that, given a limited Community budget, what constitutes the real problem is not the transfer of Community resources to the new members but rather the irrationality of the criteria (with their emphasis on the disposal of agricultural surpluses) that determine the pattern of these transfers.

A detailed analysis of the effects of membership on the Greek economy, both as a whole and in terms of specific sectors, lies outside the scope of the present research. Accordingly, the purpose of the preceding comments is simply to direct attention to certain recent trends in the relevant literature.<sup>57</sup> Clearly, any attempt to exhaust the subject and establish an overall balance of the debate would lead into a separate field of inquiry--



a field in which one would have to consider not only the impact on all the individual sectors of the Greek economy, including the government's role and its spectrum of policy options,<sup>58</sup> but also the effects of Greek membership on the further enlargement of the Community as well as the effects of the Mediterranean enlargement as a whole on Community policies and institutions. Given the structure and scope of the thesis, these effects are not examined as a separate topic but as inputs in the bargaining process and the negotiation argumentation. Within this framework, the important point to note is the virtual lack of any serious attempt on the part of the Greek Government--and, to a lesser extent, on the part of the Community--to formulate its various negotiating positions within a clearly defined analytical framework, in which the study of the sectoral impact of membership would not merely be given lip service but be properly integrated in the supporting argumentation of both initial statements and compromise solutions.

In developing the wider aspects of the analysis, Greece's association (and the difference in the way it was perceived by each side) emerges as an important factor in the accession negotiations, affecting significantly their conduct and outcome. In this context, the Association Agreement is seen and examined not only in terms of its "uniqueness" but also in terms of its Mediterranean dimension. In this respect, Tsoukalis' contribution<sup>59</sup> towards an overall assessment of the limitations and

implications of the Community's "global" Mediterranean policy should be noted. As he points out, the heterogeneity of the area and the Community's difficulties in reconciling internal economic interests and external demands (especially in the field of agriculture) restricted the scope for an overall policy, while the Community's limited instruments in the exercise of its external policy confined the content of the policy to economic measures. On the other hand, Greece's bid for membership and the prospect of further enlargement may have reduced even further the globality of the Community's Mediterranean policy but made more difficult at the same time the separation of high from low politics--a development with a catalytic effect on the evolution of a Community foreign policy.

The study of the Greek negotiations from the perspective of the Community's northern and southern enlargement completes the main body of the research. As on previous occasions, the use of secondary sources is by necessity selective, often highly so, and once more limited by the specific requirements of the central theme. On Britain's early attempts for membership, the work of Camps<sup>60</sup> is indispensable in gaining an overall view of the 1955-1963 period; on the other hand, for the crucial period following De Gaulle's 1967 veto and the alternatives to accession that were considered at the time, the proceedings of a Conference held in Brussels in 1968<sup>61</sup> are particularly relevant. For the 1970-71 accession

negotiations and the public debate on British membership, the major reference--and classic, in both its breadth of coverage and depth of analysis--is Kitzinger,<sup>62</sup> while Davidson's work<sup>63</sup> retains its usefulness as a short non-specialist account of the British experience. Also helpful is Puissochet's analysis of the procedure, conduct, and legal framework of the Community negotiations with the three first-round applicants, which is followed by a commentary on the general structure and detailed content of the 1972 Documents of Accession.<sup>64</sup> Given the analytical framework of the present research, the above sources have been consulted not only for gaining background information on the British experience but also for examining, as chapter IX does, the ways in which the British negotiations and public debate compare with and throw light on the Greek experience.

In investigating the further enlargement of the Community, the research does not enter into the detailed record of the Portuguese and Spanish negotiations but examines instead the ways in which the prospect of the Iberian enlargement--by affecting attitudes, policies, and bargaining strategies--interacted with the Greek accession negotiations. This part of the analysis owes much to the work of Tsoukalis, which has already been noted. On the specific question of member states' attitudes (Greece's attitudes are covered under the discussion of her internal developments) the thesis is confined to a general examination of the issues involved, drawing from more specialized studies.<sup>65</sup>

The global approach to the study of southern enlargement has given rise to a large number of published works; and although in many instances one could raise doubts as to their analytical detachment, the approach as a whole may reasonably be seen as an extension of an established trend in scholarship which interprets national developments from the wider perspective of Mediterranean society and politics. A Federal Trust study by Edwards and Wallace<sup>66</sup> marks one of the first attempts to view the Greek candidature within the prospect of the further widening of the Community and to examine the impact of this development on the Community's economy, institutions, and external relations. In the authors' view, the problems posed by the Greek application, the candidature of Portugal and Spain, and Turkey's special importance could not be examined separately but should be analyzed from a common perspective and in the wider context of enlargement.<sup>67</sup> In practice, however, the inner logic of viewing enlargement in its global context was distorted by two tendencies. Firstly, as this approach gained ground, it gave rise to fears, and hopes, that therein lay the seeds of the globalization of the negotiations themselves.<sup>68</sup> Secondly, as Payno<sup>69</sup> points out, it led to unwarranted generalizations concerning the problems faced, and raised, by the three applicants.

Greece's postaccession relations with the Community have been marked by a number of important developments. Among them, the one that is most closely related to the

negotiating period concerns the "Greek Memorandum"<sup>70</sup> (although, in retrospect, the latter's importance derives more from the light that it sheds on Greece's policy profile and less from its impact on the record of membership). The Memorandum, submitted to the Community in March 1982 by the Socialist government that came in power following the October 1981 elections, was an attempt to emphasize the essential problems and peculiarities of the Greek economy and the ways in which Community membership fell short of taking them fully into account. Although clearly not a renegotiating bid, it nevertheless aimed at identifying those areas which necessitated special treatment within the Community rules and financial instruments. The Memorandum, like other postaccession issues (Greek Presidency, European elections, political co-operation, and relations with Turkey, to name but a few), has received considerable descriptive coverage but relatively little analytical treatment in the literature.

#### B. Methodological Procedure

The weighing of the available evidence raises certain problems which stem partly from the nature of the bargaining process and partly from the nature of the relevant primary sources. The negotiations did not follow a neat pattern. The examination of the various dossiers and the evolution of the outstanding problems towards compromise solutions assumed the shape of a complex jigsaw puzzle: in any given period, many dossiers were being negotiated in a parallel manner and at different levels,

from technical to ministerial. This fragmented development is reflected in the existing documents. The production of a large number of technical reports, background papers, working documents, memoranda, and official position papers creates a labyrinth of primary material, the detailed and systematic analysis of which is a formidable task requiring certain constraints and the establishment of an appropriate methodological procedure.

The formal negotiations were conducted at both deputy and ministerial levels within a Conference between the Community and Greece; they lasted from 27 July 1976 (opening ministerial meeting) until 23 May 1979 (concluding deputy meeting). The Conference documents comprise the various position papers of the Community and Greek delegations, the agendas and summaries of conclusions of each Conference session, and Commission reports on the examination of Community secondary legislation. Given the scope of the thesis and the design of analysis, the consultation of primary sources has largely focused on the official Conference documents, which are researched in their entirety,<sup>71</sup> in conjunction with other related documents as specified above in the review of the literature.

It was often the practice of both sides to repeat a given position in the course of the negotiations in order to pick up the thread of the argument or to re-emphasize a previously stated point. In such cases, reference in the thesis is made only to the document containing

the initial formulation of the position--unless, of course, its subsequent restatement was made within a different context or involved changes of emphasis, or nuance, in the choice of its wording. A similar convention has been adopted with respect to the final agreement reached on each negotiation issue. Each point agreed upon by both sides was not only recorded in the respective position papers but was subsequently repeated in a formal Conference statement of agreement. In the thesis, reference is made only to those documents containing the substantive aspects of the agreement, thereby excluding subsequent references to documents which simply repeat and confirm in a formal manner points previously agreed upon--unless such references shed light on the substantive development and conclusion of the relevant discussions.

Given the above considerations, the thesis attempts to unravel the pattern of development of each negotiation issue out of the maze of the discussions and the related documents. An overall view of the negotiations is thus established within a historical perspective, followed by an analysis of each negotiation dossier that traces the evolution of specific subtopics--from the formulation of the two sides' initial positions to their gradual convergence towards compromise solutions. Given their essentially complementary nature, both approaches are needed. A broad-brush view that looks only at the surface of the negotiations tends to mask the fact that the road to accession involved a long series of highly technical problems

and an elaborate set of minute considerations. On the other hand, a myopic view that treats the negotiations as a bargaining process of balancing narrowly defined costs and benefits misses the wider political and economic dimensions of Greek membership. What is required is an integral approach within which the analysis of the micro-cosm of the negotiations is combined with a more distant view away from momentary specifics and cast against the overall process of European integration.

Looking at the internal structure of the negotiations, the thesis distinguishes between "horizontal" issues, permeating the negotiations as a whole, and "vertical" ones concerning the various individual fields of Community activity. However, such a conceptual scheme does not imply that each negotiation issue is sealed in a vacuum; an attempt is made, instead, to identify and investigate the various linkages existing among them, while each dossier is also analyzed in relation to the overall evolution of the negotiations. Furthermore, the relative importance of an issue is not necessarily measured by the difficulties encountered in the bargaining process: the corresponding discussions could be long and arduous and still reveal little more than the existence of, and necessary preoccupation with, an extensive and highly developed body of Community secondary legislation. For example, the negotiations proceeded in a complex and intricate manner in the case of specific agricultural products, while they turned out to be brief and uneventful in the



case of broader issues, such as economic and monetary affairs and competition policy. This point has been duly taken into account, the object being to analyze the negotiations in a manner consistent with the relative substantive weight of each issue and thus to prevent some hard-fought but technical point from looming too large or a seemingly secondary point from being lost altogether.

Two further methodological constraints should be noted. Firstly, an overall view of technical issues relating to Community secondary legislation is sufficient for the purposes of the present research.<sup>72</sup> Similarly, of the substantive points identified in the course of the examination of the Community secondary legislation (most of them fragmentary points relating to various legal adjustments that Greece was required to undertake internally), only those which were integrally related to the wider negotiation topics will be examined; otherwise, the thesis would be burdened unnecessarily with an arid and pedantic exercise of only marginal importance to its main thrust. Secondly, the analysis will not generally enter into an investigation of individual differences of position among member states held prior to agreement and adoption of a common position on any particular issue. Given the "singleness" of Community representation, the analysis is mainly concerned with the Community positions as they emerged out of internal debates and intra-Community negotiations and as they contrasted with the corresponding Greek positions; and this constraint determines in turn

the choice of primary sources consulted. On the other hand, however, while the detailed conduct of the negotiations is analyzed at this level, the interpretation of their wider aspects includes a general discussion of national attitudes to Greek membership. Without attempting to be exhaustive, this discussion aims at highlighting those factors which, at the national level and within the wider context of the Mediterranean enlargement, influenced the conduct and outcome of the Greek negotiations.

While the analysis assumes more manageable proportions when contained within the above limits, the fundamental problem of maintaining an optimum level of generalization cannot be solved in a uniform manner for the thesis as a whole: allowance must be made for the specific requirements of each part of the thesis, as attention shifts from the detailed account of the negotiations to the broader aspects of the enlargement process.

One of the objects of the research has been the construction of an accurate record of the Greek negotiations. This proved a highly complex and arduous task requiring in itself an extensive amount of analysis. Given the volume of available documents, it may seem curious at first sight that the record of the negotiations could not be counted on as a known parameter. Such is the nature of the subject matter, however, that the available evidence acquires an elusive quality: immersed in the world of diplomacy, a world inordinately filled with emotion and suspicion, the perception of facts surrounding

the Greek negotiations often obscures the facts themselves. This shortage of hard facts coupled with a surplus of documents has inevitably shaped the course of the research and is bound to confront future historians of the European Community. As Richard Mayne has pointed out,

at once glutted and starved, the historian can only sketchily reconstruct what actually happened; and his account will often seem far too remote, well-ordered and reflectively analytical to those who took part in the muddle and drama of events.<sup>73</sup>

As a participant in the "muddle and drama" of the Greek negotiations, the present writer's requirements for an objective and detached approach have remained stringent throughout the research. On the other hand, the time which has lapsed between the conclusion of the Greek negotiations and the conclusion of this thesis allows for an additional safeguard, for a healthy distance (measured perhaps by the yellowing of the official negotiation documents) conducive to a proper balance of the overall argument.

### C. Organization of the Thesis

Within the above methodological framework, the thesis is organized in three parts. Part One (Chapters I-II) examines in broad terms Greece's move from association to full membership. Chapter I focuses on her association with the EEC--the nature and scope of the Agreement, its record and effects on Greece's economic development, and Greece's policy choices in the mid seventies. These considerations help place the Greek

accession negotiations in a proper historical perspective. Chapter II analyzes the application for membership and establishes an overall view of the evolution of the negotiations, set against Greece's domestic developments.

Part Two (Chapters III-VII) investigates in detail the conduct and outcome of the accession negotiations by following a sectoral analysis of the individual dossiers. Chapter III examines certain general issues which, together with the institutional and budgetary problems of accession make up the "horizontal" aspects of the negotiations. The "vertical" dossiers are investigated in Chapters IV-VII: customs union and the free movement of goods in the industrial sector, external commercial relations, agriculture, and the various other fields of Community activity.

While Part Two analyzes the Greek negotiations as a self-contained system, Part Three (Chapters VIII-IX) places the discussion in a broader context, in which the Greek experience is assessed within the continuous process of European integration. In this manner, the thesis helps isolate certain critical explanatory factors; and by assigning their due weight in the general balance of the argument, it helps clarify their role in the negotiations. Chapter VIII establishes a causal link between Greece's association and accession; and Chapter IX places the Greek case within the overall process of the Community's enlargement--both the experience of the first and the prospect of the last.

Finally, in the Conclusion, an attempt is made to assess the extent to which the results of the investigation are consistent with its central hypothesis and with the conclusions reached by other authors, to examine the implications of the thesis within a wider analytical framework, and to analyze Greece's postaccession relations with the Community in the light of the present research.

## NOTES

- 1 Often used in place of the more formal "European Communities," the term "European Community" (or simply "Community") is taken to cover collectively the European Coal and Steel Community (ECSC), the European Atomic Energy Community (EAEC), and the European Economic Community (EEC). In discussing Greece's Association Agreement, however, the term "Community" is also used to refer to the EEC alone.
- 2 This and other terms are defined in the course of the thesis.
- 3 Concerning the purely theoretical aspects of the thesis, two studies by Hutton and Bulmer (though not directly relevant to its field of inquiry) have helped clarify the methodological framework of the research and the underlying functional relationships of its working hypothesis. See Nicholas Hutton, "The Salience of Linkage in International Economic Negotiations," Journal of Common Market Studies 13 (nos. 1&2, 1975):136-60; and Simon Bulmer, "Domestic Politics and European Community Policy-Making," Journal of Common Market Studies 21 (June 1983):349-63.
- 4 Accordingly, the thesis does not enter into certain problems that arose during the interim period. These are more appropriately examined within a study that focuses on the adaptation of the Greek legal system to the requirements of Community membership. For an analysis of these issues see Xenophon A. Yataganas, "Main Legal Problems Arising during the Interim Period and immediately after Greece's Accession to the European Communities," Journal of Common Market Studies 20 (June 1982):333-59.
- 5 Although the association negotiations are outside the present field of investigation, it is reasonable to expect that a comparative analysis of the association and accession negotiations would shed considerable light on the wider aspects of the subject matter. Given that the association negotiations have not been systematically analyzed, the interested reader is confined to various short and descriptive accounts. See, for example, Spyros I. Haritos, Hellada-EOK, 1959-1979: Apo tèn Syndesè stèn Entaxè (Greece-EEC, 1959-1979: From Association to Accession), 2 vols. (Athens: Ekdoseis Papazèsè, 1981- ), 1(1981):39-58. (The transliteration rule followed in the present thesis is noted in the Bibliography.)
- 6 See, for example, European Communities, Commission, Athens Office, "Hellênikè Bibliographia Eurôpaïkês Henopoiêsês, 1957-1984" [Greek Bibliography of European Integration, 1957-1984], comp. K. Voudouris, Athens, 1985. (Mimeographed.)

- 7 Achilleas Mitsos, "Hellada-EOK. Henas Hodégos se mian Ateleiôtê alla kai Elleipestatê Philologia" [Greece-EEC. A Guide to an Endless and Incomplete Literature], Synchrona Themata, Summer 1979, pp. 31-57. His survey contains more than 550 Greek entries (books, articles, and unpublished studies) as well as approximately 50 foreign contributions.
  
- 8 Particularly valuable in this respect are the Athens newspapers Hê Kathêmerinê and To Bêma (the latter is published weekly from 6 October 1985 onwards; it also appeared weekly from 22 August 1982 until 8 July 1983); and the magazines Ho Oikonomikos Tachydromos (weekly) and Synchrona Themata (quarterly). For factual information as well as for an assessment of the reactions of contemporary observers, the Greek press has been researched in conjunction with the resources of the Press Library of the Royal Institute of International Affairs in London. Of particular value were the Library's files "W. Europe-Greece" and "W. Europe-EC-Membership Enlargement" (for the period 1975 onwards).
  
- 9 Theodore A. Couloubis, "The Structures of Greek Foreign Policy," in Greece in the 1980s, ed. Richard Clogg (London: Macmillan in association with the Centre of Contemporary Greek Studies, King's College, University of London, 1983), p. 110.
  
- 10 (London: George Allen & Unwin, 1981). See also his "Second Round of Enlargement and the Mediterranean," in Greece and the European Community, ed. Tsoukalis (Westmead, Hants.: Saxon House, 1979), pp. 152-69; and "A Community of Twelve in Search of an Identity," International Affairs 54 (July 1978): 437-51.
  
- 11 For example, L. Natali (Vice-President of the Commission, responsible for the enlargement negotiations), G. Kontogeorgis (Greek Minister in charge of relations with the European Communities), St. Stathatos (Greek Permanent Delegate to the European Communities during the accession negotiations), and I. Nielsen (head of the Commission's task force for the Greek accession negotiations). Although intended to express personal rather than official views, their public statements provide helpful insights into the philosophy and attitudes of the two negotiating parties.
  
- 12 Syndesmos Hellênôn Biomêchanôn (Confederation of Greek Industrialists), Hê Synantêsê tôn Athênôn: Hellas-Eurôpaikê Koinotês [The Athens Meeting: Greece-European Community], Proceedings of a Conference, Athens, 1-2 December 1975 (Athens: Syndesmos Hellênôn Biomêchanôn, 1976); Université Libre

de Bruxelles, Institut d'Etudes Européennes, La Grèce et la Communauté: Problèmes posés par l'adhésion, Proceedings of a Colloquium, Brussels, 5-6 May 1977, Colloques Européens Series (Brussels: Editions de l'Université de Bruxelles, 1978); L. Tsoukalis, ed., Greece and the EC, Proceedings of a Conference held under the auspices of the University Association for Contemporary European Studies (UACES) and St. Catherine's College, Oxford, 23-24 September 1977; W. Wallace and I. Herreman, eds., A Community of Twelve? The Impact of Further Enlargement on the European Communities, Proceedings of the Symposium "Bruges Week 1978" held under the auspices of the College of Europe, Bruges, 16-18 March 1978, Cahiers de Bruges Series, n.s. 37 (Bruges: De Tempel, 1978); Dudley Seers and Constantine Vaitsos, eds., Integration and Unequal Development: The Experience of the EEC, Proceedings of a Conference, Sussex, May-June 1979, Studies in the Integration of Western Europe (London: Macmillan Press, 1980); D. Seers and C. Vaitsos, eds., The Second Enlargement of the EEC: the Integration of Unequal Partners (New York: St. Martin's Press, 1982); José Luis Sampedro and Juan Antonio Payno, eds., The Enlargement of the European Community: Case-Studies of Greece, Portugal and Spain, English edition ed. Lyn Gorman and Marja-Liisa Kiljunen (London: Macmillan Press, 1983). (The last two volumes, published in the series "Studies in the Integration of Western Europe," are based on papers commissioned for discussion at an international Conference held in Madrid in October 1979.) Worth noting in addition to the above, though somewhat different in scope, is a more recent UACES Conference held in Reading on 29-30 March 1984 on "Economic Integration among Unequal Partners: the Experience of Greece's Accession to the European Community." For a summary of the Conference see G. N. Yannopoulos, "Greece's 'Missed Opportunities'," Greece's Weekly for Business & Finance (Athens), 14 April 1984, pp. 17-20.

- 13 The negotiation papers have been researched in conjunction with certain basic Community documents, namely: the Treaties establishing the European Communities; "Accord créant une Association entre la Communauté Economique Européenne et la Grèce (et documents annexes)," Journal Officiel, 18 February 1963, pp. 293-358 (hereafter cited as Association Agreement); "Documents Concerning the Accession to the European Communities of the Kingdom of Denmark, Ireland, the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland," Official Journal of the European Communities (hereafter abbreviated as OJ), special ed. (27 March 1972) (hereafter cited as 1972 Documents of Accession); "Documents Concerning the Accession of the Hellenic



Republic to the European Communities," OJ, no. L 291 (19 November 1979) (hereafter cited as 1979 Documents of Accession); "Documents Concerning the Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities," OJ, no. L 302 (15 November 1985). In addition, the OJ has been consulted in those areas of Community secondary legislation that needed clarification as a preliminary step to the analysis of the accession negotiations.

- 14 Association between the European Economic Community and Greece, Reports from the Association Council to the Joint Parliamentary Committee, 1962-80.
- 15 "Opinion on Greek Application for Membership (Transmitted to the Council by the Commission on 29 January 1976)," Bulletin of the European Communities, supplement, no. 2 (1976); "Opinion on Portuguese Application for Membership (Transmitted to the Council by the Commission on 19 May 1978)," Bulletin of the European Communities, supplement, no. 5 (1978); "Opinion on Spain's Application for Membership (Transmitted to the Council by the Commission on 29 November 1978)," Bulletin of the European Communities, supplement, no. 9 (1978).
- 16 Study of the Economic and Social Committee on Relations between the Community and Greece, by De Ridder, Rapporteur (CES 774/78), 11 July 1978; The Enlargement of the European Community (Greece-Spain-Portugal): Opinion (Brussels: General Secretariat of the Economic and Social Committee, 1979).
- 17 General Considerations on the Problems of Enlargement: Commission Communication to the Council (COM(78) 120), 24 April 1978; The Transitional Period and the Institutional Implications of Enlargement (COM(78) 190), 24 April 1978; Economic and Sectoral Aspects: Commission Analyses Supplementing Its Views on Enlargement (COM(78) 200), 24-27 April 1978.
- 18 Report on European Institutions Presented by the Committee of Three to the European Council, by Barend Biesheuvel, Edmund Dell, and Robert Marjolin, October 1979; Proposals for Reform of the Commission of the European Communities and Its Services: Report Made at the Request of the Commission by an Independent Review Body, by Dirk Spierenburg, Chairman, 24 September 1979.
- 19 The Debates of the European Parliament are published as an annex to the OJ. They have been selectively consulted with respect to points that bear on the Greek negotiations.

- 20 Rapport fait au nom de la commission politique sur les perspectives de l'élargissement de la Communauté. Première partie: Aspects politiques et institutionnels, by Jean-François Pintat, Rapporteur (Documents de séance, 1978-1979, doc. 479/78), 6 December 1978; Rapport fait au nom de la commission politique sur les perspectives de l'élargissement de la Communauté. Deuxième partie: Aspects sectoriels, by Jean-François Pintat, Rapporteur (Documents de séance, 1979-1980, doc. 42/79), 6 April 1979; Report Drawn up on Behalf of the Political Affairs Committee on the Institutional Aspects of Greek Accession to the European Community, by Erik Blumenfeld, Rapporteur (Working Documents, 1979-1980, doc. 1-49/80), 2 April 1980; Rapport fait au nom de la commission des transports sur les relations entre la Communauté et la Grèce dans le domaine des transports, by R. Cottrell, Rapporteur (Documents de séance, 1980-1981, doc. 1-684/80), 15 December 1980; Report Drawn up on Behalf of the Committee on Agriculture on Mediterranean Agriculture and the Problems of the Enlargement of the EEC towards the South, by Georges Sutra de Germa, Rapporteur (Working Documents, 1982-1983, doc. 1-785/82), 3 November 1982.
- 21 The main sources consulted are UACES, Register of Current Research into European Integration 1985/86, ed. Eva Evans, Information Guides, no. 15 (London: UACES, 1985); and Catholic University of Louvain, Centre for European Studies, University Research on European Integration, no. 13 (Luxembourg: Office for Official Publications of the European Communities, 1985). The latter source is the most recent number of a serial publication containing information up to the academic year 1983-84 inclusive and covering theses, both completed and in progress, on a world-wide basis.
- 22 Though not a doctoral dissertation, a thesis that provides an exception to this general conclusion is Angelika Ioannides', "Negotiating for Greek Accession; Pressures and Constraints" (M.A. thesis, University of Sussex, 1981); it contains a brief but perceptive overall view of the accession negotiations together with an attempt to interpret them analytically. Reference may also be made to a French dissertation by Ioannis Valinakis, "La stratégie de la Grèce en vue de l'adhésion à la CEE, 1974-1981" (thèse pour le Doctorat de 3ème Cycle, Université de Paris I, 1981). Although useful for its analysis of Greek internal developments during the 1974-81 period, its title is somewhat misleading, since it contains little material on Greece's strategies during the conduct of the negotiations.

- 23 S. G. Triantis, Common Market and Economic Development: The E.E.C. and Greece, Research Monograph Series, no. 14 (Athens: Center of Planning and Economic Research, 1965).
- 24 Ibid., p. 230.
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"Prolegomena Proschôrêsês" (Prolegomena to Accession), *ibid.*, pp. 17-54, in which the negotiations are examined within the framework of their common principles (see especially pp. 28-41).

- 37 "La stratégie de la Grèce."
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- 39 See, for example, Michalês Syrianos, "Hê Poreia pros tèn Entaxê: Apologismos-Prooptikê" (The Course towards Accession: Results-Prospects), Synchrone Themata, Summer 1979, pp. 7-16; and Iôannês Pesmazoglou, Hellada kai Eurôpaikê Koinotêta (Greece and European Community) (Athens: Eurôpê, 1980), pp. 49-51, 153-211.
- 40 For N. Kyriazidis' views see his "Hellas kai Eurôpê: Mythos, Skepsê kai Stratêgikê" (Greece and Europe: Myth, Thought and Strategy), Hê Kathêmerinë, 8 May 1977, p. 5, and 10 May 1977, p. 5; and "Hê Eurôpaikê Koinotêta kai ta Ethnika Themata" (The European Community and the National Issues), Hê Kathêmerinë, 13-14 August 1978, p. 8. For Grêgorês Varfis' views see his following articles: "Poso Hetoimoi Eimaste gia Diapragmateuseis" (How Much Ready Are We for Negotiations), Hê Kathêmerinë, 30 January 1977, p. 8; "Hê Diapragmateutikê Hikanotêta tês Hellados gia tèn Entaxê" (The Negotiating Capacity of Greece for Accession), Oikonomikê Poreia, February 1977, pp. 8-9; "Apo tèn Syndesê stèn Entaxê gia ta Phrouta kai Lachanika" (From Association to Accession: The Case of Fruit and Vegetables), Hê Kathêmerinë, 15 February 1977, p. 4, and 16 February 1977, p. 4; "Portogalia-Hispania tha Kathysterêsoun tèn Entaxê mas stèn EOK?" (Will Portugal and Spain Retard Our Accession to the EEC?), Hê Kathêmerinë, 15 April 1977, p. 3, and 16 April 1977, pp. 3, 9; "Hê Entaxê mas stèn EOK: Politikes Proypotheseis kai Oikonomikoi Horoi" (Our Accession to the EEC: Political Preconditions and Economic Terms), Hê Kathêmerinë, 25 January 1978, p. 4; "Entaxê: Kybernêtikê Synthêmatologia kai Pragmatikotêta" (Accession: Government Slogans and Reality), Synchrone Themata, Summer 1979, pp. 26-30.
- 41 See, for example, B. Theodoropoulos' interview "Poios Oph eleitai kai Poios Zêmiônei apo tèn Entaxê?" (Who Gains and Who Loses from Accession?), Hê Kathêmerinë, 3-4 September 1978, p. 4.
- 42 Geôrgios L. Kontogeorgis, Hê Hellada stèn Eurôpê: Hê Poreia pros tèn Henôse kai hê Politikê tou Karamanlê (Greece in Europe: The Course towards Union and the Policy of Karamanlis) (Athens: Chrêstos Giobanês, 1985).

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- 47 Mitsos, "Industrial Sector," and "Hellēnikē Biomēchania kai EOK"; G. Ch. Katsos and N. I. Spanakēs, Biomēchanikē Prostatia kai Entaxē (Industrial Protection and Accession), Epistēmōnikes Meletes, no. 3 (Athens: Kentro Programmatismou kai Oikonomikōn Ereunōn, 1983); G. Yannopoulos, "Sensitivity of Industrial Sectors to Common Market Competition," in The Mediterranean Challenge: IV . The Tenth Member, Economic Aspects, by A. Pepelasis et al., Sussex European Papers, no. 7 (Sussex: Sussex European Research Centre, 1980), pp. 75-121. See also an earlier study by Yannopoulos, "The Effects of Full Membership on the Manufacturing Industries," in Greece and the EC, ed. Tsoukalis, pp. 47-64; and I. Hassid, Hellēnikē Biomēchania kai EOK: Meletē gia tis Epiptōseis apo tēn Entaxē (Greek Industry and EEC: A Study of the Effects of Accession), 2 vols., Eidikes Meletes, no. 6 (Athens: Institute of Economic and Industrial Research, 1980), vol. 1, pp. 218-22. Reference should also be made to the various specialized studies conducted and published by the German Development Institute (GDI), and by Greece's Center of Planning and Economic Research (KEPE) and Institute of Economic and Industrial Research (IOBE).

- 48 Sophia Efstratoglou-Todoulou, "The Agricultural Sector: The Impact of the Common Agricultural Policy," in Enlargement of the European Community, ed. Sampedro and Payno, pp. 85-104.
- 49 John Marsh, "Agriculture," in Greece and the EC, ed. Tsoukalis, pp. 68-83.
- 50 Adamantios Pepelasis, "The Agricultural Sector: The Implications of the Accession," in Enlargement of the European Community, ed. Sampedro and Payno, pp. 70-84; and "Greek Agriculture in the EEC," in Tenth Member, by Pepelasis et al., pp. 1-73. Pepelasis' latter work is an extension and adaptation of his earlier paper "The Structure of Greek Agriculture and the Expected Impact upon Entering the Community," in La Grèce et la Communauté, pp. 155-77. The specialized work carried out by the Research Department of the Agricultural Bank of Greece, and published by the Bank, should also be noted. Pepelasis' views as Governor of the Bank often reflected the results of this research.
- 51 For a criticism of Marsh's analysis see Agne Pantelouri's "Comment," in Greece and the EC, ed. Tsoukalis, pp. 84-89.
- 52 Adrien Ries, "Structure de l'économie agricole de la Grèce et politique agricole commune," in La Grèce et la Communauté, pp. 179-95; see also his exposé oral and comments, *ibid.*, pp. 196-201, 267.
- 53 K. D. Christou and A. H. Sarris, "The Impact on Greek Agriculture from Membership in the European Economic Community," European Economic Review 14 (September 1980):159-88.
- 54 See B. Catrivesis and T. Hitiris, "Comment," European Economic Review 17 (March 1982):393-97. See also the reply by Sarris and Christou, *ibid.*, pp. 399-402.
- 55 pp. 14-15.
- 56 Christopher Ritson, "Impact on Agriculture," in Second Enlargement of the EEC, ed. Seers and Vaitzos, pp. 92-108.
- 57 Among the recent contributions, reference should also be made to various papers presented in the 1984 Conference at the University of Reading (see n. 12 above) which examined the impact of accession on trade, agriculture, the service sector, and the Greek economy as a whole. For earlier works, published during the period 1974-79, the survey by Mitsos, "Hellada-EOK," remains the most reliable reference.

- 58 On this issue see A. Mitsos, "The New Role for the Greek Government after Accession," in Tenth Member, by Pepelasis et al., pp. 123-62.
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- 60 Miriam Camps, Britain and the European Community, 1955-1963 (Princeton: Princeton University Press, 1964).
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- 62 Uwe Kitzinger, Diplomacy and Persuasion: How Britain Joined the Common Market (London: Thames & Hudson, 1973).
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- 64 J.-P. Puissechet, The Enlargement of the European Communities: A Commentary on the Treaty and the Acts Concerning the Accession of Denmark, Ireland and the UK (Leyden: A. W. Sijthoff, 1975). See also EC, Commission, "The Enlarged Community: Outcome of the Negotiations with the Applicant States," Bulletin of the European Communities, supplement, no. 1 (1972). Two general works, with sections devoted to the first-enlargement negotiations and Britain's terms of entry, should also be noted: Walter Hallstein, Europe in the Making, trans. Charles Roetter (London: George Allen & Unwin, 1972), pp. 266-82; and John Paxton, The Developing Common Market, 3d ed., rev. (London: Macmillan, 1976), pp. 21-28.
- 65 Michael Leigh, "Nine EEC Attitudes to Enlargement," in The Mediterranean Challenge: I, Sussex European Papers, no. 2 (Sussex: Sussex European Research Centre, 1978), pp. 5-61; William Wallace, "Grand Gestures and Second Thoughts: The Response of Member Countries to Greece's Application," in Greece and the EC, ed. Tsoukalis, pp. 21-38, and "The Reaction of the Community and of Member Governments," in Community of Twelve, ed. Wallace and Herreman, pp. 45-53; Emanuele Gazzo, "Enlargement of the Community: Attitudes of Member States," in From Nine to Twelve: Europe's Destiny? ed. J. W. Schneider, Papers presented in a Colloquium organized by the John F. Kennedy Institute, Tilburg (Alphen aan den Rijn:



- Sijthoff & Noordhoff, 1980), pp. 1-17; François Duchêne, "Community Attitudes," in Second Enlargement of the EEC, ed. Seers and Vaitzos, pp. 25-42. For further insights on the specific question of Germany's attitudes to Mediterranean enlargement see also Beate Kohler, "Germany and the Further Enlargement of the European Community," The World Economy (May 1979): 199-211; Christian Deubner, "The Southern Enlargement of the European Community: Opportunities and Dilemmas from a West German Point of View," Journal of Common Market Studies 18 (March 1980): 229-245, and "West German Attitudes," in Second Enlargement of the EEC, ed. Seers and Vaitzos, pp. 43-56.
- 66 Geoffrey Edwards and William Wallace, A Wider European Community? Issues and Problems of Further Enlargement (London: Federal Trust for Education and Research, 1976).
- 67 The theme of this study was further developed, in the light of subsequent events, in W. Wallace, G. Edwards, and L. Tsoukalis, "Eine Gemeinschaft der Zwölf: Die Europäische Gemeinschaft und ihre Erweiterung nach Süden," Europa Archiv 32 (10 October 1977): 627-90.
- 68 See, for example, Jean Siotis, "Community Policy in Southern Europe," Lo Spettatore Internazionale, no. 3 (1977), pp. 197-214. Cf. Edwards and Wallace, Wider Community, p. 54. Loukas Tsoukalis' article "Hē Mesogeiakē Politikē tēs Eurōpaikēs Koinotētas kai hē Hellēnikē Entaxē," Ho Oikonomikos Tachydromos, 17 March 1977, pp. 12-13, 23, should also be consulted in this respect.
- 69 Juan Antonio Payno, "The Second Enlargement from the Perspective of the New Members," in Enlargement of the European Community, ed. Sampedro and Payno, pp. 1-37. His paper contrasts the two rounds of enlargement and assesses the institutional and structural differences among Greece, Portugal, and Spain, in the context of a wider Community.
- 70 EC, Council, Greek Government Memorandum of 19 March 1982 (7892/82), 17 June 1982; EC, Commission, Commission Communication to the Council on the Greek Government Memorandum of 19 March 1982 (COM(82) 348), 17 June 1982; Commission, Greece in the Community-- Assessment and Proposals: Commission Communication to the Council and the European Parliament (COM(83) 134), 29 March 1983.

- 71 The official abbreviations used for identifying and numbering the Conference documents are CONF-GR (for the majority of them) or MEMO-GR (for certain memoranda submitted to the Conference by the Greek delegation, usually pertaining to preliminary positions or to positions of a more technical nature). The numbering of the CONF-GR and MEMO-GR documents follows the time pattern of the negotiations, with the exception of documents CONF-GR/4/76 to CONF-GR/7/76 which precede the rest (thus, the proper time sequence is CONF-GR/4/76, . . . , CONF-GR/7/76, CONF-GR/1/76, etc.). The MEMO-GR documents have been researched in a combined sequence with the CONF-GR documents and ordered on the basis of the date they were submitted. (If submitted on the same date, precedence is given to a MEMO-GR document over a CONF-GR one.) References to the Conference documents in the thesis follow these official abbreviations; full information is given in the Bibliography.
- 72 According to this constraint, the following have not been examined: (a) the technical adaptations of Community secondary legislation made necessary by Greece's accession; and (b) those Community acts requiring simply a grace period for their application or implementation by Greece.
- 73 "The Role of Jean Monnet," Government and Opposition 2:350, quoted in Michael Hodges, Introduction to European Integration: Selected Readings, ed. Hodges (Harmondsworth, Middlesex: Penguin Books, 1972), p. 10.

**PART ONE**

**FROM ASSOCIATION TO FULL MEMBERSHIP**

## CHAPTER I

### THE ASSOCIATION OF GREECE WITH THE EUROPEAN ECONOMIC COMMUNITY

On 8 June 1959, two years after the establishment of the European Economic Community, Greece submitted its application for associate EEC membership<sup>1</sup> in accordance with Article 238 of the Treaty of Rome.<sup>2</sup> This move reflected a political choice in favour of European integration but also an awareness of the state of the Greek economy, which pointed to association, rather than to full membership, as the preferable immediate objective.<sup>3</sup> From the point of view of the Community, the underlying motivation to conclude an association agreement with Greece (and later with Turkey) was primarily political and should be placed in the context of the origins of a Mediterranean dimension in the Community's external relations. On the other hand, given the doctrinal vacuum with respect to the concept of association and the Community's limitations of competence in the field of common external policy, the context and content of such an agreement - though ambitious - was inevitably confined to commercial and economic matters.<sup>4</sup>

The preliminary exchanges of views and substantive negotiations lasted almost two years.<sup>5</sup> The delay in their conclusion can partly be attributed to the fact that Greece was the first country to conduct bilateral

negotiations for a separate agreement with the EEC, her Association Agreement being the first of its kind to be concluded. Hence, the Community was careful in working out the details of the agreement, realizing that it was setting a precedent. A more important reason, however, was the divergence of interests between Greece and the EEC as well as among member states--which explains not only the delay in concluding the negotiations but also the complexity of the agreement finally reached. The Association Agreement, known also as the Athens Agreement, was signed in Athens on 9 July 1961 and came into force on 1 November 1962, after having been ratified by the Parliaments of the six member states and Greece.

#### A. Nature and Scope of the Association Agreement

The concept of association as laid down in Article 238 of the Treaty of Rome had an intentionally built-in vagueness which allowed flexibility in the construction of association agreements so as to suit the special circumstances and needs of the contracting parties, leaving open the question of how extensive their objectives ought to be. In fact, in the absence of a well-defined association doctrine, two views were prevalent at the time, providing alternative interpretations to Article 238 of the Treaty of Rome. Accordingly, (a) the article allowed for the "normalization" of a country's relations with the EEC in those cases where the option of full membership was excluded and association was treated as an end in

itself; (b) association was regarded as a temporary first step of a process eventually leading to full membership.<sup>6</sup>

In the case of Greece, the contracting parties chose the second alternative.<sup>7</sup> According to article 72 of the Agreement,

as soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Greece of the obligations arising out of the Treaty establishing the European Economic Community, the Contracting Parties shall examine the possibility of the Accession of Greece to the Community.

Although the available evidence is not conclusive, it seems reasonable to argue that the vagueness of this provision was intentional, attempting to satisfy conflicting views as to the future of Greece's relations with the Community and to reconcile differences between the positions of the two sides. Thus, while full membership was not meant to follow automatically after the transitional period, the association being of unlimited duration, the Agreement did provide for the possibility of Greece's joining the Community as a full member when considered opportune by the contracting parties; on the other hand, it allowed for the opening of accession negotiations at any time before the end of the twenty-two-year transitional period.

#### 1. The Economic Provisions of the Agreement

The Agreement established an association between the EEC and Greece, the aim of which was "to promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking full account of the need to ensure an accelerated development of the

Greek economy and to improve the level of employment and the living conditions of the Greek people."<sup>8</sup> This was to be attained through the establishment of a customs union, the promotion of joint measures and harmonization of Greek and Community policies in various fields, and the making available of financial resources for the development of the Greek economy.<sup>9</sup> The underlying principle was that there should be no balance between the commitments of the two parties: Greece's obligations had to be adapted to her resources and circumstances so as to ease the burden of adjustment.<sup>10</sup>

a) The establishment of a customs union

In line with the above principle, the overall pattern that emerges in the establishment of a customs union--among a staggering number of exceptions, derogations, and special provisions--is the asymmetry in the transitional arrangements of the two parties, with trade liberalization proceeding slower for Greece and faster for the Community. Within this general scheme (applying to the elimination of internal tariffs, the adoption of the common external tariff, and the abolition of quantitative restrictions and measures having equivalent effect), the important provisions of the Agreement are specified below.

Greek exports to the EEC. In the case of manufactured goods, the EEC tariffs were reduced on 1 November 1962 at the level applicable at that time on intra-EEC trade. Since 1 July 1968, this level has been zero, coinciding with the completion of the EEC's own customs union for all industrial products.

In the case of agricultural goods, the Agreement distinguished between certain sensitive Greek products (wine, tobacco, dried grapes, olives, rosin, and turpentine), for which special arrangements were provided; and all other products, for which the same provisions applied as for manufactured goods.<sup>11</sup>

Greek imports from the EEC. In the case of manufactured imports, the Agreement distinguishes between two categories, depending on whether or not a given good was produced in Greece at the time the association took effect: for those manufactured goods not produced in Greece at that time, Greek tariffs were to be reduced progressively within a twelve-year period on the basis of a specified time schedule; the period was extended to twenty-two years for those manufactured goods produced in Greece at that time. Within the former category and its twelve-year period, new Greek manufacturing industries created after the coming into force of the Agreement were given preferential treatment: Greece was allowed to protect them by imposing tariffs of up to 25% ad valorem on products similar to those produced by them. But this protection was limited to products which in 1958 did not constitute more than 10% of Greek imports from the EEC, and to a period which normally could not exceed nine years.

The agricultural imports of Greece from the EEC were divided into three groups: (1) Products specified in annex III of the Agreement, covering Greek agricultural goods exported or exportable to the EEC except wines; Greek tariffs were to be reduced progressively within



a twelve-year period on the basis of the same timetable as in the case of Greek manufactured imports not produced in Greece at the time the Agreement took effect. (2) Products under protocol 13, covering goods exported or exportable to Greece by the EEC, such as dairy products and meat; Greek tariffs were to be reduced progressively within a twenty-two-year period, following the same timetable as in the case of Greek manufactured imports produced in Greece at the time the Agreement took effect.<sup>12</sup>

(3) All other agricultural products, for which Greek tariffs were to remain until agreement was reached following the setting-up of the common agricultural policy.

Greek imports from third countries. Greece was to adopt the EEC common customs tariff by the end of the twelve-year or twenty-two-year transitional periods, depending on the product. Furthermore, the association provided for certain exceptions in the cases of imports which were included in bilateral agreements between Greece and third countries.

#### b) The harmonization of policies

It was agreed that in formulating and developing its various policies, the Community would take into account the special problems, interests, and prospects of Greece. This would be followed by progressive harmonization of the policies of Greece to those of the Community for each field of Community activity envisaged in the Agreement, specifying the terms and conditions of the transition period. In practice, however, this process did not reflect

an equality of the contracting parties: Greece had to conform to the policies of the Community without the right to participate in its decision-making process and hence with little power to influence Community rules bearing on her. It was this imbalance that, as it will be seen later on, became the source of difficulties besetting the association.

In the particular case of agriculture, a prior condition to free trade was the harmonization of the agricultural policies of the two contracting parties. The Agreement included certain exceptions to this rule, allowing the attainment of free trade in certain Greek exports without requiring their prior harmonization with the relevant Community policy--the reason being that, given the uncertainties at the time of negotiating the Agreement as to how and when a common agricultural policy would develop, total adherence to the rule would have postponed the removal of trade restrictions for certain crucial Greek agricultural products and would have accordingly postponed and restricted Greece's potential benefits from the association.<sup>13</sup> The products subject to these special provisions were those listed in annex III (mainly fruit and vegetables) and others mentioned in protocols attached to the Agreement (wine, raisins, tobacco). On the other hand, as a counterbalance to these concessions, the Agreement included safeguards to which the Community could resort in case the abolition of trade barriers resulted in serious marketing difficulties for its own

agricultural products; it also included special provisions for certain important products of member states (specified in protocol 13) which were also to be liberalized prior to harmonization.

In addition to agriculture, the Agreement envisaged harmonization and joint action in many other fields but generally left unspecified the means of implementation. The fields covered reflected the state of development of the Community at the time of the association negotiations and included free movement of persons and services, provisions relating to competition, taxation and approximation of laws, and coordination of economic and commercial policies. Special mention should perhaps be made of the competition provision with respect to state aids (article 52, paragraph 2), which allowed for the compatibility of Greek state aids with the functioning of the common market on the basis of article 92 (paragraph 3 (a)) of the Treaty of Rome--that is, justified on grounds of economic development. In this connection, the whole of Greece was treated as a single area. This provision was to resurface in the context of the accession negotiations, employed by the Greek delegation in an effort to provide leverage to its request for a similar treatment under the Treaty of Accession.

c) Financial assistance

The Agreement included a financial protocol (no. 19), which made available to Greece within the first five years of the association \$125 million in investment

funds at subsidized interest rates and long maturity periods.<sup>14</sup> The primary purpose of this assistance was to help in the industrial restructuring of the Greek economy. On the other hand, given the growing deterioration of the Greek balance of trade--a development that was, to a certain extent, expected as a result of the gradual abolition of tariffs--the inflow of Community financial assistance also had a welcome short-term counterbalancing effect.

Given the financial requirements for the economic development of Greece, the amount of aid accorded in the framework of her association (including the aid subsequently made available under the second financial protocol) was regarded as modest--and perhaps not in the right form, since more was needed in the form of grants rather than loans. On the other hand, as the contrary view held, this aid was not intended to meet fully the financial requirements of Greek economic development but simply to contribute towards this end.<sup>15</sup>

Before proceeding with an examination of the institutional arrangements of Greece's Association Agreement, it would be useful to compare it with that concluded between the EEC and Turkey.

Reflecting an urgency in the light of Greece's application, Turkey's application for association was submitted on 31 July 1959, two months after the Greek one. Although Greece accepted the political importance

of an organic link between Turkey and the Community, she had reservations as to the exact nature of Turkey's association agreement, fearing the increased competition of Turkish exports in the case of certain sensitive products such as tobacco and raisins. During consultations within the Association organs, Greece tried unsuccessfully to have the Turkish agreement under negotiation interpreted as not a fully-fledged association agreement, i.e. as falling outside the scope of article 238 of the EEC Treaty.<sup>16</sup> The agreement was signed in Ankara on 12 September 1963 after four years of negotiations and came into force on 1 December 1964. The two agreements are very similar in nature and scope. However, in contrast to the Greek one, the Turkish agreement includes a preparatory stage preceding the transitional stage of association and distinct from it, during which no tariff reductions or other adjustments based on the principle of reciprocity were to take place; instead, Turkey alone was to receive benefits unilaterally from the Community in order to strengthen her economy and prepare it for association. These benefits took the form of commercial concessions and loans under a financial protocol. (Financial assistance was to extend in the transitional period under a second financial protocol.) Turkey, on her part, was expected during this stage to undertake internal measures of adjustment, measures that would enable her to assume the obligations arising from the progressive establishment of customs union within the transitional stage.

Turkey's agreement, like that of Greece, includes references to full membership as the ultimate objective of the association, though it is more cautiously worded in this respect.<sup>17</sup>

It is important to note that it was Turkey that had insisted from the outset of the association negotiations on this distinction between a preparatory and a transitional stage; by contrast, the initial Community position was for the immediate establishment of a single transitional stage of twenty-two years, similar to Greece's.<sup>18</sup> On the other hand, the terms of the Agreement specified that the move from the preparatory to the transitional stage was not to be automatic but subject to a decision by the contracting parties, reflecting the preparedness of the Turkish economy to enter into a customs union with the EEC. This injected a degree of uncertainty in Turkey's agreement and in her relations with the Community in general, leaving open to interpretations on both sides whether or not Turkey was ready to enter her transitional period. In this sense, the Ankara Agreement established a framework for negotiations whose object was to fix the conditions of the transitional stage. Thus, the play of political circumstances have assumed a much greater role than mere economic considerations, making the development of Turkey's association heavily dependent on the political will of the contracting parties--a factor that proved to be volatile.<sup>19</sup> The fact that the source of such an uncertainty was absent in the case of Greece's

association was ignored by its early critics who argued, on economic grounds, that an arrangement similar to Turkey's would have been preferable.<sup>20</sup>

The passage to the transitional stage was completed on 1 January 1973, following two years of negotiations (from December 1968 to November 1970) and considerable delays in the procedure for the ratification of the Additional Protocol--the instrument intended to regulate the conditions, detailed rules, and timetables for implementing the twenty-two-year transitional stage.<sup>21</sup>

Another difference, perhaps a reflection of the relative economic situation of the two countries, involved the terms under which financial aid, as provided for in the respective agreements, was administered. In this connection, Greece was treated by the European Investment Bank (EIB) under the same terms and conditions as the member states, while Turkey was not. Any political advantages and prestige derived by Greece from this difference in treatment were at the cost of a certain rigidity in the Bank's policy towards the financing of Greek projects, which Greece subsequently attempted to relax.<sup>22</sup>

## 2. Institutional Arrangements

The provision of an institutional framework is an important element that distinguishes an association from a mere trade or cooperation agreement. What made such institutional arrangements even more important in the case of Greece was the fact that her agreement was to a large extent a "framework" agreement, similar in

this respect to the Treaty of Rome: its aims and objectives were clear, but the means of achieving them were not; hence the need for institutions entrusted with the working out of the means of implementing it.

The Agreement lays down the rules for the composition, functioning, and powers of an Association Council. In areas where the Agreement was specific about arrangements, as in the case of the establishment of a customs union, the Council acted to a large extent as a supervising body. But in those fields where the means of implementation were left unspecified, as for example in the case of harmonization of agricultural policies, its role was decisive in laying down the conditions, terms, and timetable for such implementation. On the basis of article 66, the Association Council set up two committees, each composed of experts from the member states, Greece, and the Commission: an Association Committee, which assisted the Council in its tasks; and a Customs-Cooperation Committee, which ensured the correct application of the customs provisions of the Agreement.

On 5 April 1963, and on the basis of article 71 of the Agreement, a Joint Parliamentary Committee was set up, composed of members of the European and Greek Parliaments.<sup>23</sup> The Association Council was to prepare annual reports on the progress of the association. These were to be submitted to the Joint Parliamentary Committee, which would use them as the basis for suggestions and recommendations concerning the further development of the



association. The recommendations of the Joint Parliamentary Committee generally tended to reflect the interests of Greece. This was particularly observed at the time of Greece's bid for full membership--a time that coincided with a rise in the power of the European Parliament and a corresponding increase in the importance of the Committee's role.

#### B. The Record of the Association

As it has been pointed out above, the Association Agreement is similar to the Rome Treaty in one aspect--namely, that in many instances they both provide only the framework, having left precise policies and their implementation to be worked out after their entry into force. Their similarities, however, end here; for while the Rome Treaty has been implemented, the Association Agreement, as its record shows, was never implemented or even attempted to be so in many of its provisions--especially in the harmonization of policies and the development of common action.

##### 1. The "Freezing" of the Association Agreement

With the imposition of a dictatorship in Greece on 21 April 1967, the association ran into difficulties. On the legal side, the Joint Parliamentary Committee couldn't convene without a Greek Parliament. On the political side, the Community was not prepared to continue normal relations with Greece under a military dictatorship. Thus, the Commission, responding to initiatives by the

European Parliament, decided to limit the application of the Association Agreement to its "current administration" (gestion courante). The keeping alive of the Agreement in this clinical form was seen as the preferable means of exerting pressure on the military regime: it was feared that its complete abrogation might lead the regime to adopt an isolationist and protectionist stand, through which it could retain a grip on its power.<sup>24</sup> According to dissenting views, however, even a limited application of the Agreement would provide the regime with a source of political legitimacy. Despite such frictions, which often surfaced in the relations between the European Parliament and the Commission over the policy towards Greece, the essence of the Community position during the dictatorship was that the Association Agreement would not be further developed as long as democracy was not restored in Greece.<sup>25</sup> The Association was in fact reactivated after the normalization of political life in Greece, when the Council of Ministers met on 17 September 1974 in Brussels and decided for the resumption of the procedures for its development.

Before examining the record of the association, it is important to clarify the exact meaning of limiting it to its "current administration," rehabilitating in the process the term "freeze," as the Community action came to be described. This action, which was shaped by the end of 1967, was clear to the extent that it meant that the Community unilaterally limited the association

to progress towards customs union (through mutual tariff reductions on the basis of the Agreement's timetables), while suspending the other provisions. In actual practice, however, the term became hazy, especially when applied to the Community position towards discontinuing the process of harmonization of agricultural and other policies. The case of Greek wines illustrates this point.<sup>26</sup>

The association protocols concerning Greek agricultural exports were agreed upon at a time when there was no common agricultural policy, the intention being to revise them when this policy was to be introduced. Its introduction, however, was not followed by such a revision--a situation that created difficulties in the management of the common agricultural policy. When the EEC common policy on wines was introduced in December 1970, the question of the status of Greek wines was raised, given that the Agreement did not treat imports of Greek wines uniformly in the six member states. Negotiations resulted in a readjustment of the Agreement providing for a uniform, albeit less favourable, treatment of Greek wines in exchange for concessions on the territorial extension of the customs-union part of the association to the three new member states.<sup>27</sup> The case of Greek wines thus shows how difficult it was in practice to limit the association strictly to tariff reductions and to exclude interdependent issues of agricultural policy harmonization.

It seems, therefore, that the term "gestion courante" gradually came to mean not only tariff reductions according to the timetables but also adjustments of the

Agreement to new Community developments. This gradual dilution of the idea of limiting the Agreement to its current administration resulted in the loss of the Community policy's sharpness as a potential instrument of political pressure against the Greek military regime. In fact, it can be argued that the association was mutually advantageous in economic terms to a degree that outweighed and even bypassed political considerations.<sup>28</sup> And one may go even further and point to the Greek military regime's readiness to exchange economic for political concessions, given that it saw the continuing functioning of the association as a means of enhancing its image at home and abroad and made efforts to keep the Agreement alive. However, the debate of this issue is by nature speculative, the weight of the argument depending on the way the underlying motives of the Community and its members are perceived to vary between idealism and calculating self-interest.<sup>29</sup>

## 2. An Assessment of the Implementation of the Agreement

The analysis of the freezing of the association leads to a more detailed examination of its overall record, focusing on its three main areas--namely, customs union, harmonization of policies, and financial assistance.<sup>30</sup>

In accordance with the timetable of the Agreement, Greek industrial exports to the EEC have been duty-free since 1 July 1968--except coal and steel products, which were not covered by the agreement. Furthermore, Greece

has, since 1 November 1974, abolished all customs duties on her imports of Community industrial products subject to the twelve-year transitional period, which represented approximately two-thirds of the Community's industrial exports to Greece; and she has also adopted the Community's common customs tariff for the same products. Customs duties for the remaining Community industrial exports to Greece were also gradually dismantled, having attained by 1 May 1976 a 52% reduction from the basic duties, and were scheduled to be abolished by 1 November 1984 when their twenty-two-year transitional period was to end. Customs union progressed very little with respect to agricultural goods because in most cases the extension of customs union to agriculture was made dependent upon the prior harmonization of agricultural policies--a precondition that did not materialize despite efforts to achieve this.

In the area of policy harmonization, the first attempt at harmonization of agricultural policies involved five products--pigmeat, poultry, meat, eggs, and fruit & vegetables--for which the Community had, by November 1962, defined its common policy for the whole of its own transitional period. Although Greece had declared from the outset her readiness to accept the principles involved, subsequent discussions revealed a fundamental difference of positions. According to the Greek view, harmonization implied that Greece should participate in the institutional and financial arrangements of the Community's common agricultural policy.<sup>31</sup> The Community reacted negatively,

arguing that this represented a move away from harmonization proper, i.e. trade liberalization, and towards integration of agricultural policies which was not envisaged in the Association Agreement.<sup>32</sup> The reasons behind the Community position were threefold. Firstly, as a matter of principle, the Community was not willing to allow a third country, not even an associated one, to participate in its institutional mechanisms, even if the participation were to be confined to consultations. Secondly, the Community was not ready to add such a consultations procedure to a procedure already beset by practical difficulties in reaching compromise agreements among the Six. Finally, the Community was reluctant to assume the financial burden involved, which would have diverted resources away from its own agriculture.<sup>33</sup>

This disagreement on the harmonization of agricultural policies preceded the suspension of the relevant sections of the Association Agreement during the dictatorship; but there were some indications during the last meeting of the Association Council before the freeze that a compromise could be reached, especially with respect to the financial burden of harmonization.<sup>34</sup> The negotiations were resumed after the reactivation of the Agreement but under different circumstances: the Community decided to stop the regime under which certain Greek products were treated on an equal footing with Community ones "in anticipation of harmonization" and which excluded recourse to countervailing charges and safeguard clauses.

Greece reacted strongly, arguing that if the freeze was imposed on political grounds and with the purpose of helping restore democracy in Greece, then, upon reactivation of the Agreement, the relative positions of the two partners should at least have remained unaltered; in fact, however, she found herself worse off, facing third-country treatment for a number of her agricultural products, mainly fruit and vegetables.<sup>35</sup>

The main obstacle to an agreement was overcome when Greece indicated her readiness to accept the financial burden of harmonization--linking it, nevertheless, to the conclusion of a second financial protocol. However, this move towards a convergence of views emerged as late as 1977, by which time the entire harmonization issue was beginning to be submerged into the accession negotiations.

Regarding financial assistance, of the \$125 million in loans that Greece was to receive over a five-year period according to protocol 14, only \$69 million had been absorbed before the imposition of the freeze. The remaining funds were blocked for almost 7½ years; they were released in 1975, after the reactivation of the Agreement. A second financial protocol, amounting to 280 million EUA to be paid out by 31 October 1981, was signed on 28 February 1977 after a long delay which was mainly due to an attempt to place the issue within the broader context of the Community's overall Mediterranean policy. The assistance was made up as follows: 225 million EUA in loans from

the European Investment Bank, 45 million in non-refundable aid, and 10 million in special loans for the modernization of Greek agriculture--the last two amounts coming from the Community budget.<sup>36</sup>

The above record clearly shows that whole areas of Community activity which were covered by the Agreement were left dormant during the period of Greece's association with the EEC. In fact, apart from the financial-aid provisions of the Agreement, the only field that was developed (and even this not fully) was that of customs union.

Such an assessment necessarily limits itself to a static view of the Community as reflected in the provisions of the Agreement. But the Community has since then evolved in many important ways, being much more "complete" and also qualitatively different. Hence, there are whole areas of Community activity that are not even touched upon by the Agreement. In the field of customs union, for example, the association provisions are quite similar to the Community's own arrangements of the early sixties. Since then, however, customs union has been completed within the Community and has served as the basis for the development of the Community's commercial policy towards third countries.

In other words, even if fully implemented, the Agreement would have still led to a rather unsatisfactory arrangement, given the growing gap between association provisions foreseen and implemented within a static view of the Community, on the one hand, and Community provisions



dynamically evolving in a changing world, on the other. Nevertheless, the Athens Agreement did mark an important turning point in Greek commercial policy and remains the most far-reaching agreement ever signed by the Community with a third country. The difficulties and problems encountered in its implementation made the Community increasingly parsimonious and pragmatic in its other agreements.

### C. The Effects of Association on Greek Economic Development

In trying to assess the impact of association on the Greek economy, it is difficult to venture beyond the realm of foreign trade and speculate on the effects of association on the overall economic growth and development of Greece: it is not clear, with such serious gaps in the implementation of the Association Agreement, what these broader effects have been or how extensively they have worked themselves into the Greek economy. Even in the field of customs union in industrial goods, whose implementation under the Agreement progressed more than in any other sector, it is extremely difficult to extricate the effects of association from those that were the natural outcome of Greek industrialization.<sup>37</sup> Furthermore, given the linkage of outstanding association issues with the accession negotiations, it becomes difficult to disentangle the later effects of association from those of full membership. These are important considerations to keep in mind when applying theoretical constructs to the Greek experience and attempting to assess the extent to which

association with the EEC could be considered an optimum trade policy for Greece.<sup>38</sup> Given these limitations, it would nevertheless be useful to look at the profile of the performance of the Greek economy as a whole, and of the export sector in particular, during the period of association.<sup>39</sup>

### 1. Overall Performance of the Economy

During the period 1962-77, the gaps in income per capita and productivity between Greece and the Community were narrowing. The average annual growth rate of gross domestic product (GDP) per capita was 5.5% for Greece, one of the highest among the OECD countries, and 2.9% for the Community average (at constant 1970 prices) during the period 1965-75; the corresponding figures for labour productivity were 6.5% and 3.6% for the period 1966-75. Greek GDP per capita in 1975 was equal to \$2306, just below half the Community average (\$5195). This figure, however, hides the considerable disparities which exist in the Community at national level (Ireland's GDP per capita in 1975 did not exceed \$2500). Greece's unemployment rate was approximately 4% during the 1965-75 period, lower than the Community average.

Whereas the ratio of the total labour force to the population does not differ considerably between Greece and the Community, the distribution of the labour force among sectors of economic activity shows significant variations. Although the period of association had seen a gradual reduction of labour participation in agriculture

and a corresponding increase in the other sectors, the percentage of the Greek working population employed in agriculture remained significantly above the Community average of 8.7%--even above Ireland's 24.5%, the highest individual country share. As noted in chapter VI, subsequent empirical evidence has led to the downward revision of the Greek figure, reducing the gap considerably but leaving the general picture unaltered.

The share of agriculture in the total GDP dropped by 9.6 percentage points between 1961 and 1975, although agriculture's GDP at constant prices rose by 48.7%. On the other hand, 28% of the Greek working population was engaged in industry (the Community average was 42%). During the same period industry's GDP tripled, while its share in the total GDP rose by 7 percentage points. Productivity growth in the manufacturing sector was at an even higher rate than for the economy as a whole: value-added per worker (at constant 1958 prices) increased at a rate of 12.8% per annum during the period 1961-71.

The above figures provide a rather tenuous basis for a comprehensive assessment of economic performance. It seems reasonable to conclude, nevertheless, that, quite apart from persistent structural weaknesses and problems, the overall record of the Greek economy during the first fifteen years of association has been quite impressive, without however being able to gauge accurately the extent of the association's contribution.

## 2. The Foreign Sector

During the period 1963-71 Greek exports underwent a significant reorientation towards the Community. The increase of the EEC share in total Greek exports may be attributed not only to the increased competitiveness of the Greek exports but also to the preferential treatment accorded to them by the terms of the Association Agreement, which also led to their diversification--though an attempt to assign relative weights to such causal links is inherently risky and should be approached with caution.<sup>40</sup> And although the EEC share in total Greek exports declined after 1973, mainly due to the growing importance of the Middle East for Greece's trade, its 1977 level (47.7%) was close to the Community average (50.7%).

Although there is disagreement on the magnitudes involved, there seems to be a measure of consensus on the positive direction of the welfare effects of association.<sup>41</sup> Thus, the record of the association does not seem to lend support to contrary predictions that were made in the beginning of the association.<sup>42</sup> It could be argued, however, that this welfare measure does not tell the whole story and should be qualified accordingly. For even if trade creation exceeded trade diversion, this was not translated into an outright benefit. This would be so in an economy of high factor mobility but not in Greece, whose economy is characterized by structural weaknesses and factor-market imperfections resulting in low resource mobility to changing market conditions.<sup>43</sup> It is

these weaknesses which, despite the impressive record of Greek exports (exports to the Community were growing at an average annual rate of approximately 20% at current prices over the 1961-78 period, with the total of Greek exports growing at 17% over the same period), have not allowed any improvement in the ratio of exports to imports: it rarely exceeded 40%. And although persistent visible-trade deficits have been largely covered by invisible trade flows, the Greek balance of payments has deteriorated. Nevertheless, the ratio of trade coverage between Greece and the Community has been less problematic than between Greece and the rest of the world over the same period.

Apart from the total level of Greek exports, it is also important, perhaps even more so, to look at the separate performance of agricultural and industrial exports, and at the changes which have occurred in the composition of Greek exports to the EEC. (The evidence regarding Greek imports during the period 1962-75 does not reveal any significant structural changes. Imports from the Six grew at approximately the same rate as total imports; and with or without tariffs, the EEC was, and still is, Greece's principal supplier of industrial products. Furthermore, the internal structure of Greek imports has remained relatively stable over this period.)

In the case of agricultural exports, it is difficult to assess their performance with detailed reference to the Association Agreement, since the harmonization of Greek agricultural policy did not materialize. Furthermore,

the growth of agricultural exports to EEC markets depended not only on the provisions of the Agreement but also on how the preferential treatment of Greek agricultural exports compared with other similar trade arrangements concluded between the EEC and other countries exporting to the Community goods competitive to Greece's (tobacco from Turkey, currants from Iran, citrus fruit from Israel, etc.). In any event, the record of the period 1962-75 shows that Greek agricultural exports to the Community expanded faster than the same exports to third countries.

Turning now to manufactured goods, it is observed that in 1962 they made up about 10% of Greek exports to the Community, increasing to 50% of total Greek exports to the Community by 1976; on the other hand, the share of industrial imports from Greece in the total industrial imports of the EEC remained below 0.5% despite substantial increases. However, this latter aggregate figure hides the growing importance of the Community market for Greek industrial products: looking at the twenty-four products where Greek exports have been concentrated, Greece accounted in 1977 for over 30% of total EEC imports from third countries in eight products, and between 10% and 30% in six others.<sup>44</sup>

This development should be assessed in connection with a distinct change that occurred in the composition of industrial output during the period of association-- with a rise in the share of intermediate goods (chemicals, basic metal products, non-metallic minerals, paper and

wood products), a small rise in the share of capital goods, and a fall in the share of basic consumer goods. A related development during the sixties was the rapid increase in the capital intensity of Greek manufacturing industry, although most exports have remained relatively labour intensive. This increase was mainly due to a reduction in the relative price of capital, brought about to a large extent by a change in government policy--favourable interest rates, exemption from duties on imported machinery, and an open emigration policy, through which unemployment was reduced and real wages rose at a relatively faster rate.<sup>45</sup>

Within this policy reorientation, an attempt was made to redefine foreign-investment policy in a manner that would contribute to the country's export potential. Although foreign investment had been an important factor in Greek economic development even prior to association, most of what had been attracted since 1953 had gone into the production of import substitutes behind a protective tariff wall. From the early days of the association, the Agreement's transitional period of gradual tariff dismantling was seen as an opportunity to adopt new criteria for the approval of foreign investment, channelling it away from import substitution and towards export promotion in line with the Community's philosophy and purpose.<sup>46</sup> Those hopes, however, have largely remained unrealized, the available evidence pointing instead to a correlation between foreign investment in Greece and import substitution

as well as to an overall weak link between foreign investment and association.<sup>47</sup>

The above considerations suggest that the effects of association lack transparency and are not easily attributable; this is partly due to the fact that they do not occur in a vacuum but are considerably influenced by the conscious effort of government policy to maximize the potential benefits and minimize the potential costs involved. This sober view of the challenges and risks inherent in association (and for that matter in full membership) was shared by many of its supporters who realized that its success did not derive automatically from the provisions of the Agreement but depended on the effective defense of Greek interests within the institutional mechanisms of the association, on the implementation of structural changes in the Greek economy, and on the identification and promotion of those exports having potential for expansion.<sup>48</sup> However, the troubled history of the association left little room or time for materializing such intentions. What did materialize was an increased awareness of the real problems facing the Greek economy, which the association helped to stand out in relief and reveal their true magnitude.

#### D. Association vs. Full Membership

Given the record and prospects of the association, the state of the Greek economy, and the overall orientation of the country's foreign policy, the choice confronting Greece in 1974 following the restoration of democracy



was between renegotiation of the Association Agreement and a bid for full membership. The Greek Government's decision to opt for full membership emerged out of the political realities of the period, and especially out of the desire to safeguard Greece's fledgling democratic institutions. On the other hand, coming at the time of the Cyprus crisis and Greece's military withdrawal from NATO, the decision to apply for full membership should also be interpreted within the wider context of Greece's security considerations.<sup>49</sup> In addition to the above factors, it was also the internal evolution of the Community and the proliferation of association agreements that pointed clearly in favour of full membership. However, there was hardly any serious public debate on the economic costs and benefits of full membership--only unsubstantiated generalizations and slogans along political party lines.

The question of full membership dates back to the preassociation days: association was seen from the beginning, at least by Greece, as simply a preparatory stage dictated by economic circumstances and leading eventually to full membership. During the two decades that were to follow, the questions being asked have roughly remained the same; but the changes that have taken place at the national, European, and international levels during this period have altered their frame of reference, invalidating old arguments and throwing off balance previously held ideas. What has remained constant during these years, leaving aside the period of dictatorship, is the commitment

of the successive Greek governments to eventual full Community membership. There was never any doubt about this final objective, the only question being the right approach with respect to timing.

## NOTES

- 1 In Greece the timing of the application was criticized. It was argued that precious time was lost since 1957 in the abortive negotiations within the Organization for European Economic Cooperation (OEEC) for a European free-trade area, at a time when Greece should have been trying instead to join, in one form or another, the EEC. For an examination of the reasons why the association negotiations did not start before 1959 see Ióannēs Steph. Pesmazoglou, "Charaktêristika tina tês Symphônias tôn Athênôn" (Certain Characteristics of the Athens Agreement), in Syndesis tês Hellados, pp. 54-57.
- 2 "The Community may conclude with a third State . . . agreements establishing an association involving reciprocal rights and obligations, common action and special procedures." The Treaty establishing the EEC, signed in Rome on 25 March 1957 together with the Treaty establishing the EAEC, is commonly referred to as the Treaty of Rome. Both the EEC and EAEC Treaties are often referred to as the Rome Treaties. The term Treaty of Paris denotes the Treaty establishing the ECSC, signed in Paris on 18 April 1951.
- 3 In the words of John Pesmazoglou,  
 "si la Grèce n'est pas devenue membre à part entière dès le début, ce n'est pas parce qu'elle n'a pas voulu souscrire au Traité de Rome en raison de son contenu ou de ses aboutissements politiques, mais simplement en raison de l'impossibilité dans laquelle elle se trouve de suivre la cadence du processus d'unification entre les Six" ("La Grèce et l'édification de l'Europe," p. 670).
- 4 This point is further developed in Henig, "Mediterranean Policy."
- 5 For an analysis of the historical background of the association see Yardas, "EEC and Associate Status," chap. II.
- 6 Ibid., p. 1. See also Coufoudakis, "EEC and the 'Freezing' of the Association," pp. 120-21; and A. Mozer, "The European Community and the Neutrals," in The European Community in the World: The External Relations of the Enlarged European Community, ed. Ph. P. Everts, Proceedings of a Conference, May 1971 ([Rotterdam]: Rotterdam University Press, 1972), p. 84.

- 7 In a subsequent attempt to clarify the concept of association, the European Parliament's Birkelbach Report of 15 January 1962 specified, though not completely, the political and economic conditions that would be required of new candidates for association. What clearly emerged from the parliamentary debates was that the candidates' political institutions had to be similar to those of the Six. See Alfred Tovas, Tariff Preferences in Mediterranean Diplomacy (London: Macmillan Press for the Trade Policy Research Centre, 1977), p. 43.
- 8 Association Agreement, art. 2, par. 1.
- 9 Ibid., art. 2, par. 2.
- 10 See EEC, Commission, Fourth General Report on the Activities of the Community, 16 May 1960-30 April 1961 (1006\*/5/VI/1961/5), 1961, p. 206.
- 11 Following Italy's insistence, a protocol was inserted (no. 18) imposing limits on the quantities of Greek exports of citrus fruit, grapes, and peaches, beyond which Greece might not enjoy associate status if her exports affected adversely the exports of any member state.
- 12 However, for ham, cheese, and butter, tariffs were to be reduced at a faster rate during the first ten years.
- 13 Yardas, "EEC and Associate Status," p. 160.
- 14 For a brief examination of the Greek and Community positions prior to final agreement on the financial-aid provisions of the association see John Paxton, Developing Common Market, p. 203.
- 15 Yardas, "EEC and Associate Status," pp. 238-40.
- 16 Association entre la Communauté Economique Européenne et la Grèce, Premier rapport annuel d'activité du Conseil d'Association à la Commission Parlementaire d'Association (1er novembre 1962-31 octobre 1963), February 1964, pp. 35-37.
- 17 Cf. arts. 72 and 28 of the Greek and Turkish agreements, respectively.
- 18 For further comments concerning the Turkish negotiations see EC, Commission, Ankara Office, Turkey-EEC Relations, 1963-1977 (Ankara: Commission of the European Communities, 1977), pp. 1-2.
- 19 Yardas, "EEC and Associate Status," p. 211. See also Siotis, "Community Policy in Southern Europe," p. 210.

- 20 See Triantis, Common Market and Economic Development, pp. 104-7, 228. For an analysis of the record of Turkey's association see Commission, Turkey-EEC Relations, 1963-1977; François Duchêne et al., La Communauté Européenne face au Bassin Méditerranéen (Luxembourg: Office des Publications Officielles des Communautés Européennes, 1984), pp. 42-51; and Gsänger, "EEC and Cyprus and Turkey." Gsänger also attempts to assess the impact of the association on Turkey's economic development and the prospects of the association within an enlarged Community, in the light of possible alternatives to the European option. These issues are also examined in Burrows, "Community of Thirteen?"
- 21 Given the delays involved, an interim agreement was concluded with the Community and signed on 27 July 1971, allowing for the commercial provisions of the Additional Protocol to be implemented in advance.
- 22 Yardas, "EEC and Associate Status," p. 263.
- 23 This was followed by the setting up, with the EP's resolution of 12 April 1965, of a Parliamentary Committee of Association with the purpose of coordinating the Parliament's contacts and relations with the parliaments of associated countries.
- 24 Hallstein, Europe in the Making, p. 288.
- 25 For the European Parliament's relations with the Commission and a discussion of the initiatives taken by the Parliament in defining the Community's stand see Coufoudakis, "EEC and the 'Freezing' of the Association," pp. 116-18, 128-30. For an analysis of the political events bearing on the freezing of the association see Siotis, "La Grèce sur le chemin de l'Europe," pp. 76-80; and Panos Tsakaloyannis, "Hê Stratiôtikê Diktatoria stên Hellada kai hê EOK" [The Military Dictatorship in Greece and the EEC], Ho Politês, November-December 1983, pp. 16-24.
- 26 This analysis is based on Yannopoulos, Greece and the EEC, pp. 24-28, 31.
- 27 The Interim Agreement and Additional Protocol extending the Association Agreement to the three new members were signed only after the restoration of democracy, on 28 April 1975; they came into force on 1 July 1975 and 1 July 1978, respectively.
- 28 Yannopoulos, Greece and the EEC, pp. 26-27, 31.

- 29 For an attempt to analyze this point, together with a discussion of the Greek reactions to the freezing of the association, see Coufoudakis, "EEC and the 'Freezing' of the Association," pp. 121-31.
- 30 Indispensable sources for such an examination are the Reports from the Association Council to the Joint Parliamentary Committee.
- 31 Association entre la CEE et la Grèce, Premier rapport annuel, pp. 24-26.
- 32 Association entre la CEE et la Grèce, Deuxième rapport annuel d'activité du Conseil d'Association à la Commission Parlementaire d'Association (1er novembre 1963-31 décembre 1964), May 1965, p. 15.
- 33 Yardas, "EEC and Associate Status," pp. 154-55.
- 34 Stephanos Stathatos, "From Association to Full Membership," in Greece and the EC, ed. Tsoukalis, p. 4.
- 35 Ibid., p. 5; and Varfis, "Apo tèn Syndesé stèn Entaxê." It was bitterly noted, for example, that the Commission imposed a compensatory tax on Greek peaches on the same date (26 July 1976) that the Greek delegation arrived in Brussels for the opening of the accession negotiations. See Siotis, "La situation internationale de la Grèce," p. 59.
- 36 See "Council Decision of 25 July 1978 Concerning the Conclusion of the Financial Protocol between the European Economic Community and Greece," OJ, no. L 225 (16 August 1978), pp. 25-32. The Protocol entered into force on 1 August 1978. For details on the negotiations see Association between the EEC and Greece, Report from the Association Council to the Joint Parliamentary Committee (June 1976 to April 1977), 21 June 1977, pp. 25-29.
- 37 For an attempt to clarify this problem see Mitsos, "Hellêniké Biomêchania kai EOK," pp. 36-40, and "Industrial Sector," pp. 111-20.
- 38 For a critical review of the existing literature on the effects of the Association Agreement on the Greek economy see Yannopoulos, "Mediterranean Policy"; Pomfret, Mediterranean Policy, pp. 48-51; and Mitsos, "Hellada-EOK," p. 40. One should note in this respect that although the record of other associate countries may be studied with some profit, there are serious limitations in extending the findings regarding the association experience of a particular developing country to that of another. On this point see Yannopoulos, Greece and the EEC, pp. 17-18.

- 39 The statistical evidence included in these sections is derived from various Community publications but mainly from Economic and Social Committee, Relations between the Community and Greece; and Commission, Economic and Sectoral Aspects. The following sources also contain relevant data and have been consulted accordingly: Yannopoulos, "Effects on Manufacturing Industries," p. 48; Hassid, Hellênikê Biomêchania kai EOK, vol. 1, chaps. I, IV; Tsoukalis, European Community and Mediterranean Enlargement, pp. 17-49; Mitsos, "Hellênikê Biomêchania kai EOK," pp. 36-40, and "Industrial Sector," pp. 111-20.
- 40 On this point see Mitsos, "Hellênikê Biomêchania kai EOK," pp. 37-38, and "Industrial Sector," pp. 111-13.
- 41 See Yannopoulos, "Mediterranean Policy," pp. 494-97, and Greece and the EEC, pp. 19-20.
- 42 The Association Agreement has been criticized both as a whole and with reference to its specific provisions--especially the length of the transitional period, which was thought to be insufficient, given the weaknesses of the Greek economy and the greater protection needed for its industrial restructuring. See in particular Triantis, Common Market and Economic Development; and Howard S. Ellis et al., Industrial Capital in Greek Development, Research Monograph Series, no. 8 (Athens: Center of (Planning and) Economic Research, 1964), p. 268.
- 43 Yannopoulos, Greece and the EEC, p. 14.
- 44 Mitsos, "Industrial Sector," pp. 112, 115. The eight products with a share greater than 30% were the following: fur clothing, magnesite, tobacco, preserved peaches and apricots, tomato paste, chemicals, carpets, and furs.
- 45 Yannopoulos, "Effects on Manufacturing Industries," p. 50.
- 46 See, for example, Iôannês Steph. Pesmazoglou, "Xenai Idiotikai Ependyseis eis tèn Hellada" (Foreign Private Investment in Greece), in Syndesis tês Hellados, pp. 33-35, 37; and Ellis et al., Industrial Capital in Greek Development, pp. 25-26, 335.
- 47 Direct foreign investment did increase during the association period. An indication of the magnitudes involved is given by the assets of companies in Greece's manufacturing sector with more than 50% foreign participation: it has been estimated that in 1975 they amounted to 28.6% of the total assets

of all companies, though with significant variations among sectors. See A. K. Giannitsis, "Oikonomikê Holoklêrôsê tês Hellados stên EOK kai Xenes Amesés Ependyseis" [Economic Integration of Greece into the EEC and Foreign Direct Investment], in EOK-Hellada-Mesogeios [EEC-Greece-Mediterranean], ed. Marios Nikolinakos (Athens: Nea Synora, 1978), p. 156, cited by Tsoukalis, European Community and Mediterranean Enlargement, pp. 45-48. Giannitsis attempts to assess the extent to which (and the mechanisms through which) foreign direct investment in the Greek industrial sector was influenced by the Association Agreement. His conclusion is that the effect of the association as such was limited--although it is admitted that it is difficult to disentangle its effects from those that should be attributed to the government's industrialization policies.

- 48 Pasmazoglou, Symphônia Syndeseôs kai Problêmata, pp. 10-22, and Krisimoi Epilogai Oikonomikês Politikês. See also his "Neoi Prosanatolismoi meta tên Syndesin me tên Koinên Agoran" [New Orientations following the Association with the Common Market], in Syndesis tês Hellados, pp. 43-44, "Xenai Idiôtikai Ependyseis," pp. 32-33, "Charaktêristika tês Symphônias," p. 64; and Ellis et al., Industrial Capital in Greek Development, p. 271.
- 49 See Tsakaloyannis, "Greek-Turkish Dispute," pp. 44-45; and Tsoukalis, European Community and Mediterranean Enlargement, pp. 133-34.



## CHAPTER II

### FROM ASSOCIATION TO FULL MEMBERSHIP:

#### SOME GENERAL CONSIDERATIONS

##### A. Greece's Application for Membership

Shortly after the restoration of democracy and during preparations for the "revival" of the Association Agreement, the Greek Government submitted a memorandum, dated 26 November 1974, in which it stated its intention to seek membership to the European Communities in the near future. The formal application was submitted on 12 June 1975.<sup>1</sup> According to its legal basis,

Any European State may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission.

The conditions of admission and the adjustments to this Treaty necessitated thereby shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the Contracting States in accordance with their respective constitutional requirements.<sup>2</sup>

At its session of 24 June 1975, the Council of Ministers took note of the application and called upon the Commission to draw up its Opinion.

##### 1. The Commission's Opinion

Adopted on 28 January 1976, the Commission's Opinion<sup>3</sup> amounted to a qualified and lukewarm statement. Even though it spoke of a "clear affirmative" response to Greece's application, the clarity of its affirmation

left a lot to be desired. The Commission's key proposal was the establishment of a preaccession stage, a stage which was to precede any transitional period that might be agreed upon in the context of the accession negotiations. What made such a preliminary stage necessary in the eyes of the Commission was the existence of certain crucial problems: the Greco-Turkish relations, the structural weaknesses of the Greek economy, the further enlargement of the Community, and the functioning of Community institutions.

These problems are raised in broad terms in the first part of the Commission's statement; its second part is devoted to a more detailed analysis of specific economic and technical issues. Although this latter section was open to certain criticisms, it was primarily the first part of the Commission's Opinion that became the object of controversy, given the sensitive nature of the political and strategic issues that it raised. It is interesting to note in this respect that the Opinion was adopted after long discussions and amidst considerable disagreement among the Commissioners.<sup>4</sup>

On the question of Greco-Turkish relations, the Commission viewed Greece's application for membership as disrupting the existing balance in the Community's relations with each country. The fact that the Community placed itself at an equal distance from the two countries was emphasized by the Commission's view that their status as associates was identical, with full membership as their

common final objective--though with different timetables for its realization.<sup>5</sup> The implication of this position was that, by entering into accession negotiations with Greece, the Community would disrupt this delicate balance and hence become a party to the disputes between the two countries. To avoid this situation, the Commission suggested that the Community should play an active role in helping Greece and Turkey resolve their differences in parallel with the preparatory work for Greek accession.<sup>6</sup>

Undoubtedly, the prospect of Greek membership introduced a new disruptive dimension in the Greco-Turkish balance, prompting the Council to declare on 24 June 1975 that the examination of Greece's bid for membership would not affect Community relations with Turkey and especially Turkey's rights as guaranteed under her Association Agreement. However, the Commission's position clearly represented an effort to take the matter a step further, its intention being to implement specific actions in order to "give substance" to the Council's declaration.<sup>7</sup>

Although the question as to the identical status of the two associates leaves room for interpretations, as noted in the previous chapter, what matters for the point in hand is that the Community has always treated their association agreements in a similar and non-discriminatory manner. It is interesting to note that since the Turkish Agreement did not lay down a fixed schedule of tariff reductions in the move to full membership, some members of the GATT were initially reluctant to accept it as consistent

with article XXIV of GATT--in contrast with Greece's Agreement which was generally regarded as compatible with GATT rules, being an interim agreement leading to a customs union within a reasonable time period and eventually to full membership.<sup>8</sup> However, with pressure from the Community and the United States, the two agreements were granted equal status under GATT rules.<sup>9</sup> The reasons for such a balanced treatment in the early sixties were not different from those which lay behind the Commission's position in the mid seventies: the sensitive nature of the Cyprus issue and the status of Greece and Turkey as NATO allies.

Quite apart from the above considerations, the Commission could not conceal its fears that the structural weaknesses facing the Greek economy might prove formidable enough to preclude the possibility of an early accession. Furthermore, viewed within the wider perspective of the Community's Mediterranean enlargement,<sup>10</sup> Greece's accession was regarded as a source of additional complications: on the one hand, the Greek terms of entry were bound to create precedents for the Iberian candidates; on the other hand, the widening of the Community would leave little time for stabilizing its institutional functioning and for improving its decision-making processes, the more so given that the full consequences of the previous enlargement had still to be fully absorbed.<sup>11</sup> However, it is difficult to assess the extent to which this factor weighed in the Commission's thinking, given that the

prospect of the candidatures of Portugal and Spain was still uncertain.

At a more technical level, the central question that had to be considered was the economic impact that Greek accession would have on the Community. In the Commission's view, the economic impact was expected to be limited, given the relatively small magnitudes involved in the Greek case; the main implications of Greek membership were thought to be financial and budgetary.<sup>12</sup> On the working hypothesis that Greece were a full member in 1976, the Commission estimated<sup>13</sup> that the Community budget expenditures of that year would have to increase by approximately 6% at current prices and exchange rates. Looking at both receipts and expenditures, Greek accession in 1976 would have resulted in a net increase in Community expenditure of 300 million u.a. (table 1). These estimates were based on existing Community policies and hence did not take into account their possible evolution and the full financial requirements of the Greek economy; they also had to leave out the impact on the budget of any transitional arrangements to be concluded in the course of the negotiations.<sup>14</sup> In other words, the Commission's initial exercise on the budgetary burden of Greek membership simply served the purpose of indicating the orders of magnitude involved. The issue was taken up in greater depth during the accession negotiations and is analyzed below in chapter III.

Table 1.--Hypothetical budgetary consequences of Greek membership on the basis of 1976 estimates (in million u.a.)<sup>a</sup>

OWN RESOURCES (to be paid in)	151	
Agricultural levies		8
Customs duties		70
VAT <sup>b</sup>		73
EXPENDITURE	453	
Agricultural policy: guarantee		220
Agricultural policy: guidance		60
Regional policy		100
Social policy		40
Other		25
Reimbursements <sup>c</sup>		8
NET INCREASE IN COMMUNITY EXPENDITURE	302	

<sup>a</sup>Estimates refer only to the 'Commission' section of the overall budget.

<sup>b</sup>0.52% of the VAT base in a Community of Ten, as opposed to 0.47% of the VAT base in a Community of Nine.

<sup>c</sup>Reimbursement of 10% of own resources (collection costs).

SOURCE: EC, Commission, "Opinion on Greek Application," p. 42.

Taken as a whole, the above analysis allows the Commission's proposal to be viewed from the proper perspective. At face value, the preaccession stage was presented as a period during which the Community would undertake a substantial economic-aid programme enabling Greece to carry out structural economic reforms and to prepare her integration into the Community's institutional mechanisms; at the same time, it was suggested that accession negotiations should proceed parallel to the implementation of these measures. However, although the Commission appeared to take a positive stand on the principle of Greek membership, the reservations that it expressed regarding its timing undermined seriously the principle itself. While it proposed the opening of negotiations, it took a rather long view as to their completion, attempting in effect to fit them to the modalities of its proposals: it wanted, for example, to give priority to those dossiers which had proved difficult in the previous enlargement negotiations; and implicitly suggested that it would have been better for Greece to wait first for the full implementation of its association agreement before proceeding with accession.<sup>15</sup> This view persisted even after the opening of the negotiations, and is partly reflected on the spread which initially existed between the two sides' estimates of the probable length of the negotiations, with Greece expecting them to be over by 1978 and the Community by as late as 1982.

Thus, the problems and issues that the Commission raised in connection with the Greek application could have easily been translated into obstacles, compromising seriously the prospects of a smooth accession. In this sense, the unavoidably lengthy negotiations would have turned into a de facto preaccession period, their formal opening having lost its significance along the way. Admittedly, the solution of these problems was not rigidly linked, in the form of a precondition, to the successful completion of the negotiations.<sup>16</sup> But the very introduction of sensitive issues, often lying at the margin of the proper terms of reference of a political-economic analysis of the implications of Greek membership, could have easily strained the delicate balance of European politics, transforming the outcome of Greece's bid for membership into a rather nebulous affair.

## 2. Greece's Reaction

Utilizing fully its diplomatic channels, the Greek Government made immediately clear to the Community and the individual member states its strong negative stand on the Commission's Opinion.<sup>17</sup> Its main criticism centered on the idea of a preaccession period, which was seen as an attempt to shelve its bid for membership. There was no need, in its view, for such a period, the Association Agreement having served exactly this purpose; it was the other prospective candidates, not Greece, that needed it.<sup>18</sup> In the same vein, references to the need for improvements



in the functioning of Community institutions, to the extent that they had to precede Greek accession, were viewed by Greece with suspicion as a potential source of inertia in the progress of the negotiations.

The Commission's proposal for financial assistance prior to accession was also received with resentment.<sup>19</sup> Greece felt that her motivations in applying for membership were not fully understood. Her impression was that the Commission had acted as if the Greek application, coming at a time when the second Financial Protocol had not yet materialized, was a mere tactic to secure more financial aid under the Association Agreement. It was this implied attribution of mendacity to Greece's move which added insult to injury: it was felt that the Commission had underestimated and misjudged the serious political commitment behind Greece's decision to apply for full membership.

Predictably enough, the most controversial aspect of the Commission's argumentation was the raising of the issue of Greco-Turkish relations. At a different point in time, it would probably have seemed natural for this issue to form part of the debate on the wider political implications of Greece's bid for membership. But coming at a time when relations between the two countries were dangerously strained in connection with the Cyprus and Aegean disputes, the Commission's views raised formidable and sensitive questions of a strategic nature which Greece was not willing to consider in the context of her

application for Community membership--all the more so given the Commissions's equidistant position on the Greco-Turkish dispute.

### 3. The Council's Position

The initiative to secure a quick and categorically positive response by the Council was undertaken by the Dutch Foreign Minister Van der Stoel. On 2 February 1976 a meeting in Bonn between Van der Stoel and Germany's Foreign Minister Genscher resulted in a publicly announced agreement, which in turn created the necessary momentum for a favourable Council position.<sup>20</sup> With a rapid decision at its session of 9 February, only two weeks after the submission of the Commission's Opinion and almost without any debate, the Council simply took note of the Commission statement and rejected its notion of a preaccession period together with its corollary political proposals. With a "grand gesture," that proved far more difficult to implement than to design,<sup>21</sup> it accepted without any qualifications the Greek application for membership and asked the Committee of Permanent Representatives (COREPER) to prepare the mandate for the negotiations with a view to open them as soon as possible.

With Turkey's anxieties looming up before it, what undoubtedly eased the Council's decision was the assurances given by Greece at the highest level that, once a full member, she would not block the development of Turkey's relations with the Community.<sup>22</sup> Seen from this perspective, the Council's response was not only

an act of ideological commitment and firm support to Greece's newly restored democratic institutions but also an act of confrontation with the Commission--an affirmation of the Council's power as the sole organ to assume political initiatives on such sensitive issues as the Greco-Turkish dispute.<sup>23</sup>

Greece's assurances did little to alleviate Turkey's fears. The Council's firmly positive response to the Greek application unavoidably strained the psychological climate in Turkey and her relations with the Community--a situation that was to deteriorate further with Greece's subsequent accession. As Kohlhase has aptly put it,

In politics as in Pythagorean geometry, you cannot alter your relationship to one of two equidistant points without simultaneously changing your position as regards the other.<sup>24</sup>

A series of attempts to reestablish a certain amount of balance has characterized the Community's attitudes towards Turkey to the present--although, with Turkey's reach for full membership exceeding for the moment her grasp, the restoration of complete symmetry remains an elusive and remote objective. On the other hand, it seems reasonable to argue in the light of the available evidence that the Turkish factor, while it played a crucial role in the opening of the Greek negotiations (which it has retained in Greece's postaccession relations with the Community), receded in the background during the actual conduct of the negotiations.

### B. An Overall View of the Negotiations

The accession negotiations were formally opened in Brussels on 27 July 1976 with a ministerial session in which Max Van der Stoep, President-in-Office of the Council of the European Communities, and Panayotis Papali-gouras, Greece's Minister of Coordination, presented the initial positions of the Community and Greek delegations, while François-Xavier Ortoli, President of the Commission, made a statement outlining the Commission's role during the conduct of the negotiations.<sup>25</sup>

The Greek Minister's statement made explicit from the outset the political dimension of Greece's bid for membership. Besides emphasizing that Greece's orientation towards the Community was being consistently followed as part of the country's postwar foreign policy, his statement made reference to the smooth restoration of democracy as proof of Greece's political maturity and readiness to join the Community<sup>26</sup>--the implication being that Greece met not only the formal basic requirement of being a democracy but also the essential one that her democracy was durable. Although such lofty words fitted perfectly the occasion, the truth was somewhat different: it was the very fragility of Greece's newly restored democratic institutions that lay behind Prime Minister Konstantinos Karamanlis' firm and pressing bid for membership to the European Communities. Nevertheless, the idealism characterizing the opening Greek statement was not at the expense of spelling out the hard facts of the accession

negotiations: it set out the essential features of Greece's initial negotiating positions in the form of concrete proposals with respect to the various fields of Community activity.<sup>27</sup>

It is interesting to compare in this context the Greek statement with the United Kingdom delegation's initial statement during the opening of the latter's accession negotiations in June 1970: in both instances ideals were mixed with facts in roughly similar proportions. It is equally interesting to note that such similarities do not run only through the two delegations' initial positions. A comparative examination of the British and Greek negotiations reveals a number of often unexpected parallels which allow for a better understanding of the dynamics of Community enlargement, seen as a continuous and on-going process towards European integration. This theme is developed below in chapter IX. For the purpose in hand it suffices to point out that, quite apart from the substantive aspects of the previous enlargement, its formal procedural arrangements were regarded by both sides as serving equally well the present negotiations.<sup>28</sup>

#### 1. Establishment of a Procedural Framework

The accession negotiations were conducted by the Community and Greek delegations meeting in a "Conference between the Community and Greece," within which the terms of Greece's entry and the adjustments to the Treaties were concluded.<sup>29</sup> On the Community side, with singleness of Community representation, the negotiations were

conducted by the Council at deputy and ministerial levels. (At deputy level, the Conference took place within the workings of COREPER and was presided by the latter's chairman, i.e. by the Permanent Representative of the member state occupying the Community presidency.) This arrangement was in marked contrast to the association negotiations, which were conducted on the part of the Community by the Commission, on the basis of a mandate by the Council of Ministers. The Commission's role in Greece's accession negotiations was nevertheless crucial in paving the way for the drafting of the Community's common negotiating positions and in providing the necessary technical support.<sup>30</sup> The technical side of the negotiations corresponded to the examination of the Community secondary legislation in the various fields, an examination which was conducted by the Commission delegation and Greek experts concurrently with the negotiations proper. In addition, the Commission's role was to keep the Greek delegation informed on up-to-date developments in the Community and to keep the European Parliament informed on the progress of the negotiations.<sup>31</sup> Beyond this formal role, the unofficial contacts between the Commission and Greece, which had started before and extended after the negotiations, were equally important.

The Conference sessions were in principle scheduled to take place quarterly at ministerial level and monthly at deputy level--a frequency which was roughly observed in the course of the negotiations--with some flexibility to account for special circumstances.<sup>32</sup> All sessions of

the Conference were held in Brussels--except the April, June, and October ministerial sessions which were held in Luxembourg.<sup>33</sup>

## 2. Establishment of Common Negotiation Principles

The basic premise established at the outset of the negotiations was that Greece accepted the Treaties and their political objectives, the Community secondary legislation as it evolved since the entry into force of the Treaties (and covering implicitly its developments up to accession), and the choices made regarding the development of the Community.<sup>34</sup> The central principle, in other words, was Greece's full acceptance upon accession of the Community patrimony or "acquis communautaire," with allowance of course for the adjustments to be envisaged within the terms of entry. With these adjustments the Conference was to seek solutions to problems posed by Greek accession in such a way so as to ensure that enlargement would not disturb the process of Community integration and would not weaken the Community's institutional structure and scope for action.<sup>35</sup> On the basis of this criterion, solutions should not involve changes to Community rules but transitional arrangements, upon the expiration of which the acquis communautaire was to apply in full.<sup>36</sup> The assumption behind this principle was that the agreements reached at a given time in the negotiations were necessarily based on the acquis communautaire as it stood at that time, and were thus without

prejudice to any subsequent developments in it until accession.<sup>37</sup> Such additions to the *acquis communautaire* would have to be applied by Greece upon accession; this of course did not rule out the possibility that they could be the object of further adjustments to take account of Greek problems, either within additional negotiations (for any developments in the *acquis communautaire* occurring prior to the conclusion of the negotiations) or within the consultations procedure (for any developments occurring during the interim period).<sup>38</sup>

Another general principle agreed upon was that the solutions adopted in one sector should not prejudice solutions in other sectors;<sup>39</sup> and that any specific and partial agreements reached in any given sector would become definitive only at the final stage when the overall balance of the negotiations would be established and assessed.<sup>40</sup> Although reiterated on many occasions, especially in the context of the agricultural negotiations, this principle was not fully adhered to, since the negotiations were concluded without any comprehensive assessment of their overall balance.<sup>41</sup> The reason for this should be sought in the nature of Community decision making itself: the incremental development of the *acquis communautaire* along delineated sectors of activity has proceeded with only occasional references to the balance of the whole edifice (as, for example, Tindemans' European Union attempted to do in the mid seventies). In much the same way, the negotiating process of Greece's accession reflected the



partition of Community activity within a corresponding administrative framework. And although this arrangement was conducive to efficiency, it allowed little room for establishing an overall balance among the individual sectors (apart from certain horizontal issues, such as the general transitional period and the budgetary aspects of membership). Thus, specific agreements were automatically finalized once the substantive negotiations were completed, which in turn meant that the overall agreement was little more than the sum total of the partial agreements reached in the course of the negotiations. It would have been very difficult indeed to assess an overall balance which did not exist. On the other hand, it was the very absence of such a final comprehensive assessment that provided a safety valve for the successful completion of the negotiations, since the parcelling of the issues along the narrowly confined lines of the *acquis communautaire* prevented the wider problems of enlargement from surfacing on the negotiating table.

In contrast to the above principles whose acceptance created little or no complications, the general premise that Greek accession would be examined on its own merits was established in the midst of controversy and confusion, with forces pulling in the opposite direction. The main factors which contributed to this situation were the existence of the Association Agreement, the experience of the previous enlargement, and the prospect of the future enlargement of the Community; this problem is analyzed below in chapters VIII and IX.

### 3. Evolution of the Negotiations

Within the general organization of the Conference, the negotiations were divided in two phases.<sup>42</sup> During the first "exploratory" phase, all areas of Community activity would be examined with a view to identifying the various problems of each side and the choices open for their solution; in doing so, an overall, global view of each side's general statements of position would be reached, enabling the negotiations to enter into their second phase.<sup>43</sup> In this, the "substantive" and more intensive phase, the two sides would attempt to progressively align their respective positions, thereby reaching an overall agreement.<sup>44</sup>

The systematic examination of the Community secondary legislation ran parallel to the negotiations proper. It began in October 1976 and followed along the lines of the previous enlargement negotiations.<sup>45</sup> Undertaken by the Commission in consultation with the Greek delegation, this was a major task--especially in the case of complex sectors such as the common agricultural policy--requiring a vast amount of background work, preparation of exhaustive inventories of acts in all fields of Community activity, and appropriate editorial work.<sup>46</sup> Given Greece's acceptance of the *acquis communautaire*, the examination of the secondary legislation had a three-fold aim: to identify in each field (1) those Community acts that would be immediately applicable upon accession without any adjustments or adaptations; (2) the technical

adaptations that had to be made to certain Community acts in order to take account of the new situation following Greek accession; and (3) any substantive problems arising from the application by Greece of certain Community acts, to be discussed and resolved under the relevant dossiers in the course of the negotiations proper (for a number of such acts, the Greek delegation had reserved the right to request their deferred application or implementation).<sup>47</sup> This process of identification was conducted in all sectors of Community activity<sup>48</sup>--transport; environment & consumer protection; taxation; regional policy; social affairs (including social security for migrant workers); institutional, budgetary and staff-regulations matters; agriculture; economic and financial affairs; right of establishment and freedom to provide services; approximation of laws; rules of competition; Euratom acts and EEC & ECSC acts in the areas of research and energy; external relations; customs legislation; and informatics & statistics.<sup>49</sup>

Within the above framework, and although it was recognized that the various Community sectors were closely interlinked, the progress of the negotiations from the initial to their final stage observed faithfully the separation of the negotiation dossiers according to the conventional categorization of the *acquis communautaire* into areas of Community activity.<sup>50</sup> This is a point already made but worth emphasizing in the present context. Looking at the conduct and outcome of the negotiations as a whole,

the final agreement reached was little more than the formal approval of the sum total of the separate points agreed upon in the various negotiation chapters. Thus, the Greek accession negotiations should be appropriately seen as an "effeuillage"--as a process whereby the individual issues were stripped and examined separately leaf by leaf with little or no reference to the whole. An exception to this pattern was the shared political will to ensure that Greece would not be a net payer to the Community budget.<sup>51</sup> Furthermore, one may discern in the course of the agricultural negotiations an attempt by the Greek delegation to contrast and equilibrate the terms agreed upon in the industrial sectors with those to be negotiated in the agricultural sector (this point is discussed in chapter VI); and there are reasons to believe that Greece managed to secure a five-year transitional period for most of her products by relinquishing her demand for an immediate application of the free movement of labour. But this should be seen more appropriately as a last-minute "package deal" for a final compromise; it had very little to do with any conscious effort by the two sides to provide an overall assessment of the individual terms of entry.

What set the general tone in the conduct of the negotiations was the pattern adopted by the Community in formulating its negotiation positions. According to it, the Community position papers in the first phase of the negotiations set out the content and implications of the *acquis communautaire* in each sector, indicating

whether or not transitional arrangements could be considered in principle and under what parameters.<sup>52</sup> Thus, the Community did not envisage proposing detailed solutions before the completion of the first negotiation phase; in fact, it repeatedly emphasized the need to acquire a "vue d'ensemble" of the Greek positions in the various areas as a prerequisite for formulating its own definitive positions with respect to each negotiation dossier.<sup>53</sup> Although on the face of it this might seem a reasonable condition ensuring an orderly conduct of the negotiations, it was employed in practice as a means of delaying their progress and exerting subtle, or not so subtle, pressures to the advantage of the Community side.

Seen in this light, the purpose of the first phase of the negotiations turned out to be not so much the mutual and parallel establishment of each side's overall positions, as was initially intended, but rather the complete establishment of Greece's overall position as a precondition to the formulation of the Community's positions and their eventual submission in the second phase of the negotiations. Apart from its obvious use as a delay tactic, the Community approach had as a result the cornering of the Greek delegation in a rather weak position, since the latter was continuously asked to show its cards with little or no initial feedback from the Community side on the substantive issues being raised.

A general look at the actual record of the negotiations reveals that they do not fit into the neat pattern that was initially envisaged. As table 2 shows, the

Table 2.--The progress of the accession negotiations<sup>a</sup>  
(quarterly periods)

Dossiers	1976		1977				1978				1979	
	3	4	1	2	3	4	1	2	3	4	1	2
Customs union		x	x	x	x	x	S <sup>b</sup>	S	S	S	r	
Capital movements				x	x	x	S <sup>c</sup>	S	r	r	r	
Ext. comm'l relations			x	x	x	x	S <sup>d</sup>	S	S	S	S	r
ECSC			x	x	x	x	x	S	S	S	r	
EAEC						x	x	S	r	r	r	
Regional policy			x	x	x	x	x	x	S	S	S	
Econ. & fin. affairs								x	S	S	S	
Budgetary aspects			x	x	x	x	x	x	x	S	S	S
Agriculture			x	x	x	x	x	x	x	S	S	r
Social policy				x	x	x	x	x	x	S	r	r
Transitional period				x	x	x	x	x	x	S		
Institutional aspects					x	x	x	x	x	S	r	r
Transport policy						x	x	x	x	S	S	
Right of establishment				x	x	x	x	x	x	x	S	r

<sup>a</sup>x: exploratory phase  
S: substantive phase  
r: examination of residual substantive issues.

<sup>b</sup>Substantive phase opened on 10 February 1978 (11th session of the Conference at deputy level).

<sup>c</sup>Substantive phase opened on 27 February 1978 (12th session of the Conference at deputy level).

<sup>d</sup>Substantive phase opened on 21 March 1978 (13th session of the Conference at deputy level).

exploratory and substantive phases cannot be clearly delineated for the negotiations as a whole, since certain dossiers (such as agriculture and social policy) lagged in their development while others (such as capital movements) progressed more rapidly.<sup>54</sup> Hence, the negotiations could more realistically be regarded as having followed a continuous process of development rather than a neat pattern of easily distinguishable stages, with agriculture representing the pivotal sector for the negotiations as a whole. Official documents containing summaries of conclusions of the various Conference sessions include statements signalling the end of the first stage and the beginning of the second, even though this did not correspond fully to reality.<sup>55</sup> Such an approximate way of reporting on the overall progress of the negotiations seems to reflect the bureaucratic tendency to show that formal deadlines set at a higher political level have been met.

Even though a clear-cut pattern does not seem to exist in the evolution of the negotiations when viewed as a whole, one may reasonably expect to discern such a pattern when attention is focused instead on the individual dossiers and their transition from the initial to the substantive stage of the negotiations. As it was agreed upon, the substantive phase was to begin in those fields in which the examination of the corresponding Community secondary legislation by the Commission and Greek delegations had progressed adequately, allowing for the technical preparation of the respective negotiation

dossiers.<sup>56</sup> On the basis of this criterion, the stage of substantive negotiations opened with the sectors of customs union, capital movements, and external commercial relations (in that order), followed by other sectors as their technical preparation reached an adequate level allowing for the identification of substantive issues.<sup>57</sup>

It should be noted that although the capital-movements chapter was ahead of all others in its readiness to enter the substantive stage, the Community insisted that the development of the customs-union chapter should lead the way.<sup>58</sup> It seems reasonable to assume, in line with the Community's thinking, that such an ordering of priorities was conceptually the most methodical one to adopt, as was the subordination of progress in the ECSC chapter to progress in the customs-union chapter.<sup>59</sup> But one cannot help suspecting, as the Greek delegation alluded, that a Community delay tactic was also at play in this instance.<sup>60</sup>

Despite the adoption in principle of such an apparently straightforward approach, one is still left with the sour feeling that the negotiators in their formal statements--and in particular the Community side at ministerial level--were attempting to cover the actual progress of the negotiations with a superficial patina of orderly development. Given the practice of unanimity and the concomitant slowness and unwieldiness of Community procedures, it was a thinly veiled effort to diffuse and contain the numerous difficulties encountered within the Community



as it constantly tried to align the positions of the member states and adopt common negotiation positions that adequately accounted for individual interests and difficulties.

Matters were made even worse by a lack of well-defined guidelines for moving ahead with the negotiations. For example, whereas the Council's precondition for entering into substantive negotiations was the completion of the technical dossiers, or at least "further progress" in that direction, the Commission's requirements were the reverse: it regarded progress in the substantive negotiations as itself a necessary condition for progress in the technical preparation of the respective dossiers. In fact, to complete the vicious cycle, the conclusion of the examination of the Community secondary legislation came to depend to a large extent on the outcome of the substantive negotiations.<sup>61</sup>

Such complications, together with the Community's difficulties in resolving internal differences of position and its insistence on acquiring a complete overall view of the Greek positions on all sectors before proceeding with the formulation of its own specific proposals on any given sector, help explain the uneven pace at which the negotiations as a whole progressed. In no other areas was this situation more clearly observed than in the cases of agriculture and the length of the overall transitional period. Two years after the opening of the negotiations, Greece still had no detailed knowledge of the Community's reactions on these two areas--a situation which prevented

her from acquiring an overall view of the Community positions, thereby affecting the progress of the negotiations as a whole.<sup>62</sup> This problem, far more serious than any of the marginal gaps existing in the Community's overall view of the Greek positions, resulted in an asymmetrical conduct of the negotiations and created difficulties for the Greek delegation in formulating its position on various issues.<sup>63</sup>

With respect to the question of the length of the overall transitional period and of specific transitional measures in various sectors (a "horizontal" issue permeating the entire spectrum of the negotiations), these complications became even more pronounced owing to the strong links between the substance of transitional measures and their duration.<sup>64</sup> The Community was arguing that it would be premature to formulate its position on the matter without sufficient progress in all the main negotiation sectors, given the interconnections among the various transitional measures envisaged in the separate dossiers as well as between them and the overall transitional period.<sup>65</sup> The Greek delegation, while repeatedly criticizing the Community for its approach, could do little more than proceed with the formulation of its positions on the basis of a unilateral working hypothesis of a five-year general transitional period, with variations according to individual circumstances calling for shorter or longer transitional measures.<sup>66</sup> It also warned the Community delegation that it might be forced to reconsider some of the

terms of entry already agreed upon.<sup>67</sup> Such a course of action was possible under the common negotiation principles; in fact, the agreements reached in the course of the negotiations on various points were initially conditional ones, subject to agreement on the duration of the relevant transitional measures or length of the transitional period.<sup>68</sup> One wonders, however, given the high political cost involved, whether the Greek delegation could have contemplated seriously such a move as an effective negotiation tactic.

With respect to agriculture, the Community did admit that the submission of its proposals was overdue, but tried to play down the seriousness of the matter by arguing that the agricultural dossier required further extensive examination before negotiations on it could enter the substantive phase.<sup>69</sup> Given the known volume of agriculture's secondary legislation, these delays were to a certain extent inevitable and foreseeable. It has been argued, however, that they also reflected a calculated move on the part of the Community to accelerate the examination of those sectors in which the Community stood to gain (such as customs union, commercial policy, and capital movements) while stalling until the very end of the negotiations the development of sectors (such as agriculture) in which the Greek demands required the granting of considerable concessions.<sup>70</sup> What concerned the Greek side was that the rate of progress in the examination of this legislation was slow, much slower than the progress registered

in the other sectors--a situation that seriously affected the substantive negotiations in the agricultural sector.<sup>71</sup> Moreover, as the Greek delegation repeatedly emphasized, the slow pace in the agricultural chapter was affecting adversely other sectors closely linked with it, and hence progress of the negotiations as a whole.<sup>72</sup> A case in point is the difficulties encountered by the Greek side in formulating its position on the budgetary aspects of accession: it could not, for example, calculate income from agricultural levies without knowing, at least approximately, what the transitional arrangements were likely to be with respect to the agricultural products concerned.<sup>73</sup>

In a rather hasty move, the Greek delegation made an attempt to oil the wheels of the negotiations by proposing the establishment, on a regular basis and within the Conference, of working groups of experts as a preparatory level to the work of the Conference at deputy level.<sup>74</sup> This move was in contrast with an earlier agreement between the two sides that no working parties would be envisaged as an integral part of the negotiations, except in specific circumstances.<sup>75</sup> Moreover, if it had been accepted, this procedure would more likely than not have slowed down the negotiations even more<sup>76</sup> instead of speeding them up, by magnifying the technical ramifications of the negotiation issues and thus widening the potential areas of disagreement between the two sides. It is interesting to note that it was on the Community's insistence that Greece finally abandoned this request, agreeing instead that

the best means of making progress in the negotiations at the technical level would be by stepping up the existing procedure of contacts between the Commission and the Greek delegation.<sup>77</sup>

Seen in the context of Greece's overall negotiation strategy, Greece's proposal to establish regular working groups of experts was an unexpected move. For it was the broad sweep in the examination of most issues that primarily characterized the Greek negotiators' approach--together with considerable flexibility in adjusting their initial positions, often deliberately formulated with moderation in the first instance,<sup>78</sup> in order to strike a quick compromise.

Such a preoccupation with speed inevitably entailed a certain cost to the Greek side: it meant that the careful, detailed, and detached study of the possible impact of accession often entered only superficially in the formulation of its negotiation positions. The argumentation in the Greek position papers rarely rose beyond a mere identification of the sectors of the Greek economy that were considered "sensitive", coupled with a request for temporary protection to "avoid disturbances." However, given the overriding eagerness of the Greek Government for a swift and successful completion of the negotiations, one wonders how expedient it would have been to follow a firmer and more cautious but inevitably time-consuming approach by focusing more closely on a narrow balance sheet of economic costs and benefits, at a time when quick

benefits could be reaped from the existing political will at the highest level in favour of Greece's accession. Greece's choice to approach the negotiations with the eye fixed on the ultimate political objective of accession meant that some of the fine tuning of the terms of entry would have to be sacrificed; it was a choice which inevitably created a potential source of weakness in formulating and defending specific detailed points and a corresponding source of persistent criticisms at home: the emphasis on the political rather than on the economic aspects of the negotiations was seen as being harmful to the Greek interests, both economically and politically.<sup>79</sup> But, in retrospect, it was perhaps the right approach to follow, given that the accession negotiations were not conducted in a vacuum, and that the existence of political consensus on Greek accession could not be regarded as anything more than a fragile and vulnerable equilibrium of the political forces of the particular period, fleeting by its very nature.

The deadlocks experienced in the course of the negotiations can only partially be explained by the technical difficulties encountered in certain areas. In fact, it would be more realistic to treat such difficulties as symptoms of much deeper causes which, though they rarely surfaced formally on the negotiating table, nevertheless affected the willingness of individual member states to reach a consensus on various outstanding issues and hence their readiness to establish common positions. The real

source of these difficulties is to be found within the conflicts arising from domestic (often electoral) considerations on the implications of Greek accession, which had to be taken into account by each member state and which inevitably affected the pace at which Community positions could be established on the various issues.<sup>80</sup> Such obstacles existed from the beginning of the negotiations; and as they were resolved, they were replaced with fresh ones. Three major difficulties marked the opening stage of the negotiations: Ireland's insistence that the volume of Community financial resources accruing to her, especially those of the Regional Fund, should not be reduced when establishing Greece's share; Italy's worries of the impact of Greek accession on her Mediterranean agricultural exports; and Germany's fears of the effects that the granting of free movement to Greek labour would have on the level of unemployment at home. The European Council managed to overcome these problems at its meeting of 12 July 1976, only to be faced with new ones in 1977 as France's and Italy's difficulties with the prospect of Spanish membership spilled over to the Greek negotiations.

Although these difficulties did originate within individual countries and reflected national fears over the impact of Greek accession on their economies, many of them acquired a different dimension when they surfaced on a wider, Community level. At this level, there were talks about the need for phased accession, for a Europe

"à deux vitesses," and for globalization of the Greek candidature with those of the other applicants; there was also concern over the negative impact of enlargement on the in-depth development of the Community and on the functioning of its institutions.

Towards the middle of 1977 the negotiations were entering into a very sensitive phase. Although globalization of the negotiations was eventually averted, the factors outlined above continued to dampen the pace of the negotiations. This, in turn, was seen by the Greek delegation as affecting adversely public opinion at home<sup>81</sup>-- which should be interpreted against the backdrop of a rising anti-Community opposition party as evidenced by the November 1977 election results. (A more subtle but no less crucial problem involved the adverse effects that the uncertainties of protracted negotiations might have on the business climate at home, as they had during the period of the association negotiations.<sup>82</sup>) The danger for the accession negotiations to enter such a vicious cycle with implications for public opinion and the political climate in the Community as a whole was indeed quite real; and it was only the affirmation, following Prime Minister Karamanlis' state visits to European capitals in early 1978, of the political will to conclude the bulk of the negotiations before the end of 1978<sup>83</sup> which gave a second wind to the negotiations ensuring their successful completion. Thus, a strong political consensus by itself turned out to be a necessary but not a sufficient condition



for Greek accession; what was also needed, and what this time constraint provided, was an "agreement to agree"-- a catalyst to overcome the inertia in the negotiations and to help translate the political will into concrete economic arrangements corresponding to mutually acceptable terms of entry.<sup>84</sup>

Although the negotiations did not proceed exactly within this time constraint, their overall progress was more or less satisfactory once the difficulties experienced in the fields of agriculture and social policy, and in respect of the length of the transitional period, began to be resolved.<sup>85</sup> This is not surprising, given that these fields were the most sensitive ones--which also helps explain why the substantive issues relating to them were among the last to be negotiated.

When, towards the end of 1978, the completion of the negotiations was in sight and accession unquestionably within reach, the Greek delegation began paying much closer attention to the effects that the terms of entry might have on Greece's economy. As Foreign Minister Rallis warned, the Community positions as they stood at that time, and to the extent that they would be incorporated in the terms of Greece's entry,

would have the effect of creating after accession a system of discriminatory treatment for Greece which would be a burden on the Greek economy and which, on every count, whether economic or political, no Greek Government could present to the people of Greece.<sup>86</sup>

This was an extreme statement to make, especially at such a mature stage when many of the terms of entry had already

been negotiated. But it did make sense as a negotiating tactic, since the social-policy and agriculture chapters were still outstanding, and the Greek side had every reason to place the Community proposals in these fields in a negative perspective. On the other hand, however, given that in many, if not most, instances it was the Community position that dominated the agreements reached, the above Greek statement should be seen not as a mere manoeuvre but also as an indirect admission of weak and unsatisfactory terms of entry--an admission that in retrospect, and for the same reasons, could have been extended to some of the terms eventually negotiated in the fields of agriculture and social policy.

In the last meeting of the Conference at ministerial level, held in Luxembourg on 3 April 1979, it was concluded that the negotiations were to be considered complete and that no substantive issues could be raised, otherwise the negotiations as a whole would be reopened; and in line with this conclusion, certain remaining points intended to be raised by the Greek delegation could only be secondary in importance and without any budgetary or financial implications.<sup>87</sup> These points were subsequently examined and resolved by the Conference at deputy level whose last meeting, marking the end of the accession negotiations, was held in Brussels on 23 May 1979. Thus, the negotiations lasted almost three years and were completed in twenty-six Conference sessions at deputy level and eleven at ministerial level.<sup>88</sup>

One of the last tasks of the Conference was to establish the procedure for drafting and finalizing the legal instruments of accession, whose form, it was agreed, would be similar to that of the previous enlargement.<sup>89</sup> Within this procedure, the Conference finalized and authenticated the texts of the accession instruments in the official languages of the Community, although the haste with which the negotiations were concluded affected the quality of the wording and precision of the official texts.<sup>90</sup> With the addition of Greek upon accession, the official Community languages were increased from six to seven.<sup>91</sup> Greek also became upon accession a working Community language, employed on an equal basis with the other working languages with respect to the translation and interpretation requirements of the daily activities of the Community institutions.<sup>92</sup> Greek entry also entailed the preparation of an authentic Greek version of Community primary and secondary legislation in force at the time of accession,<sup>93</sup> the latter amounting to approximately 40,000 pages. It was agreed that the date of entry into force of the instruments of accession, i.e. the date of Greek accession to the European Communities, would be 1 January 1981.<sup>94</sup>

The signing of the instruments of accession--the Treaty between the member states of the European Communities and Greece, together with the Final Act--took place in Athens on 28 May 1979. These instruments, together with certain accompanying Community texts, make up an

integral whole, referred to as the "Documents Concerning the Accession of the Hellenic Republic to the European Communities";<sup>95</sup> they are set out below:

1. Commission Opinion of 23 May 1979 on the application for accession to the European Communities by Greece.<sup>96</sup> This is a formal Commission statement, giving its favourable definitive opinion on Greece's accession following the completion of the negotiations<sup>97</sup>--to be distinguished from the previously examined initial Commission Opinion in response to Greece's application for membership

2. Council Decision of 24 May 1979 on the accession of Greece to the ECSC. This is a formal Council act accepting Greece as a member of the ECSC on 1 January 1981 on the basis of the negotiated terms of accession and adjustments to the Treaty of ECSC (they are set out in the Act of Accession); and on condition that Greece had deposited its instrument of accession on that date and that all the member states and Greece had deposited their instruments of ratification of the Treaty of Accession of Greece to the EEC and the EAEC before that date<sup>98</sup>

3. Council Decision of 24 May 1979 on the admission of Greece to the EEC and to the EAEC. With this act, the Council formally accepted Greece's application for admission to the two Communities, on the basis of the conditions of admission and the adjustments to the corresponding Treaties that were negotiated within the Conference (they are set out in the Act of Accession)<sup>99</sup>

4. Treaty between the Member States of the European Communities and Greece concerning the accession of Greece to the EEC and to the EAEC (Treaty of Accession). The Treaty was to enter into force on 1 January 1981, provided that all contracting parties had ratified it and had deposited their instruments of ratification before that date, and that the instrument of accession of Greece to the ECSC was deposited on that date<sup>100</sup>

5. Act concerning the conditions of accession of Greece and the adjustments to the Treaties (Act of Accession). This Act is formally annexed to the Council Decision on the accession of Greece to the ECSC and to the Treaty of Greece's accession to the EEC and the EAEC, and it thus pertains to all three Communities. Apart from the negotiated adjustments to the Treaties, it contains all the technical adaptations to Community acts together with the agreed-upon provisions for deferred application on Greece of Community acts

6. Final Act. This Act rounds up all the residual points and provides a formal seal to Greek accession and its legal framework.

Following their signature, and during the interim period, the texts of the instruments of accession were ratified by Greece and by each member state. No problems arose during the process of ratification. In fact, with the exception of Greece, France, and Denmark, the favourable vote in the national parliaments was virtually unanimous. (In Greece, the 104 members of the Socialist and

Communist parties did not take part in the voting or in the debate that preceded it, having also boycotted the signing ceremony; of the remaining 196 votes, 191 were in favour. In France, and to a lesser extent in Denmark, the ratification process gave rise to considerable debate and a relatively large percentage of dissenting votes-- 42% and 22%, respectively.)<sup>101</sup> Thus, the long and often arduous process which began with Greece's application for membership on 12 June 1975 finally came to a successful end, with Greece becoming the tenth member of the European Communities on 1 January 1981.

### C. The Domestic Scene

#### 1. Greece's Internal Organization for the Negotiations

In making the necessary internal arrangements and preparing the organizational structure for carrying out the negotiations, the Greek side did not have to devise an entirely new scheme. The nucleus of such a framework already existed in the Greek administration within the context of the implementation of the Association Agreement, and this was suitably extended and adapted to meet the demands of the membership negotiations.

In the initial phase of the negotiations responsibility was centered in the Ministry of Coordination, with a Deputy Minister responsible for European Community affairs, and a General Directorate staffed with civil servants and a team of lawyers and economists. This scheme was modified at a later stage, with the brief being shared

between the Ministries of Coordination and Foreign Affairs. The bulk of the work for the preparation of the various negotiation dossiers, both at the preliminary and the substantive stages, was carried out by the Ministry of Coordination, which was also responsible (in cooperation with the Commission) for the examination of the Community secondary legislation; in these tasks it was aided by specialized departments of other Ministries. As the negotiations progressed, however, the Ministry of Foreign Affairs acquired an increasingly prominent role, being responsible for the general political dimension of the negotiations--which carried with it as a backwash effect an increasingly overlapping role in the coordination of specific negotiating positions. Both Ministries were supported in Brussels by the Greek Permanent Delegation, whose staff was drawn from the Diplomatic Corps and other sections of the Greek civil service.<sup>102</sup>

The above scheme formed the backbone of the Greek governmental and administrative framework providing the necessary support to the team responsible for the actual conduct of the negotiations, officially named the Central Committee of Negotiations. The Committee's brief was the finalization of the Greek positions, the actual conduct of the negotiations at deputy level, and the preparation for the negotiations at ministerial level. In the initial stage this team was headed by Nikolaos Kyriazidis, Deputy Governor of the Bank of Greece, while its balance of power weighed heavily towards the Ministry of Coordination and

its technocrats.<sup>103</sup> This structure reflected a distinct philosophy and choice of negotiating tactics: the approach was to be aggressive, the objective being the minute and exhaustive bargaining of the Greek requests deriving in the first instance from what had already been negotiated within the Association Agreement. The Community's political will for Greek membership was implicitly regarded as a given parameter; the negotiations were therefore seen as an effort to defend the interests of the Greek economy by formulating positions based primarily on the association patrimony or "acquis d'association."

However, as the negotiations entered their initial stage and the magnitude of the task was brought home, it was becoming increasingly evident that the existence within the Community of a political consensus in favour of Greek membership could hardly be counted on as an irreversible factor. Accordingly, the negotiation strategy switched to a more pragmatic one, characterized by swiftness and flexibility of approach, the subordination of economic considerations to political ones, and hence the inevitable relegation of defending the acquis d'association to a lower level of priorities. This change eventually created a rift between the political hierarchy of the Ministry of Coordination and the negotiating team, as well as within the team itself, which led to the resignation of Kyriazidis and Grigoris Varfis (its leading member) in early January 1977. Although their move was largely seen as being prompted by the clash between the two negotiating approaches,



it also reflected a power struggle--a struggle whose substance lay in the competing ambitions, conflicting personalities, and even diverging political affiliations of the individuals involved.<sup>104</sup>

Reorganized within the new frame of reference, the negotiating team was placed under the presidency of Vyron Theodoropoulos, Secretary General of the Foreign Affairs Ministry, with Athanasios Andreopoulos taking over Varfis' responsibilities for the technical preparation of the various dossiers.<sup>105</sup> In line with the reshuffling at deputy level, and while the Greek side was initially represented at ministerial level by the Minister of Coordination, it was the Minister of Foreign Affairs that eventually took the lead, supported in his task by the Deputy Minister for Community Affairs. This shift in the internal balance of power was an intricate process; what made it easier was the move of the Minister himself, Panayotis Papaligouras, from the Ministry of Coordination to the Ministry of Foreign Affairs at the end of 1977, following the November national elections. (He held the post until May 1978, when he was succeeded by George Rallis.) Continuity was also ensured by the fact that the sensitive deputy-ministerial (and, from November 1977, ministerial) post for Community affairs was held by the same person, Georgios Kontogeorgis, throughout the negotiations. Nevertheless, the dualism in ministerial responsibilities that persisted to a greater or lesser extent throughout the negotiations, and the interministerial conflicts that

it fomented, was a considerable handicap for the Greek side. Furthermore, the quality of the work that had to be carried out by the Greek delegation and the effectiveness of the argumentation in support of the Greek requests were limited by the structural weaknesses and inefficiency of the country's administrative machinery (in fact, their very existence provides a measure both of the task facing the Greek Government on the eve of the negotiations and of the success in bringing them to a satisfactory conclusion). What, perhaps, compensated partly for this handicap was the remarkably small number of people involved in the negotiations<sup>106</sup>--although the attendant overcentralization of such an arrangement often worked in the opposite direction. On the other hand, the extensive technical support provided by the Commission and Council services was an additional factor that significantly eased the burden of the Greek delegation.

In reviewing the record of the accession negotiations, it is important to underline the catalytic role played by Prime Minister Karamanlis. His overpowering single-mindedness to get Greece into the Community and his personal handling of the bid for membership at critical moments when the negotiations sagged or entered into serious difficulties, helps explain how the membership negotiations were successfully completed despite strong forces that could have steered them in the opposite direction. Undermined by internal feuds within the ruling party, battered by a strong anti-Community parliamentary opposition, faced

with the danger of globalization of the enlargement negotiations together with a growing concern of member states about the impact of Greek accession, the successful completion of the negotiations acquires the magnitude of a Herculean feat. And although Karamanlis' role in it is largely a reflection of the personal basis of Greek politics, the effectiveness of his initiatives would have been questionable if it were not for the fact that his relations with the European leaders were very much in tune (an understatement in the case of France, given his close personal ties with President Giscard d'Estaing).

## 2. The Public Debate on Greek Membership

The above analysis has focused on the governmental and administrative framework underlying the conduct of the negotiations on the Greek side. To complete the picture of the domestic front, it is important to look beyond the confines of official government policies and examine the wider aspects of membership as a public issue.

The general conclusion reached from such an examination is that the public debate on the issue of Greek membership remained at a very limited level throughout the negotiations. A major factor contributing to this state of affairs was the unquestionable predominance of political over economic considerations which, by placing a thick coat of varnish over the whole picture, tended to obscure the many facets of the issue in hand. Even confined to its political dimension, the debate remained at an emotional level eliciting monolithic responses in

favour or against membership and preventing the development of a more sophisticated exchange of views. A look at political party platforms and parliamentary debates clearly supports this view. And on those occasions when the discussion entered into the economic aspects of membership, the unalloyed party lines which it followed hardly left any room for detached argumentation--an observation that applies equally to the attitudes of most organized interest groups.<sup>107</sup>

During the period 1974-1981 the party in power was the conservative New Democracy; however, the national elections of 1977 showed an erosion of its strength and a parallel rise of the opposition parties with polemic anti-Community platforms, in particular the Panhellenic Socialist Movement (PASOK) which almost doubled its share of the vote from 14% in 1974 to 25% in 1977 (the combined share of the vote of PASOK and the Greek Communist Party (KKE) increased from less than 23% in 1974 to 34.5% in 1977). In contrast to KKE's dogmatic and rigid views, PASOK's stand on the membership issue, although basically negative, proved to be a constantly evolving one, especially after the party's coming to power in the post-accession years; but during the period of the negotiations it constantly favoured association over accession, arguing that the renegotiation of the terms of the Association Agreement--which in its existing form had served the Community rather than the Greek interests--was the best alternative.<sup>108</sup> The remaining, and much smaller, opposition

parties had distanced themselves from such an approach, supporting the bid for full membership and limiting their criticisms to the handling of the negotiations.

Caution should be exercised when attempting to gauge the extent of public support for Community membership on the basis of electoral results. Such an indirect approach may be a legitimate exercise in the absence of a referendum; but given that party affiliation did not necessarily correspond to a clear-cut stand on the question of membership,<sup>109</sup> what we are left with is little more than rough orders of magnitude. Within such an interpretation, and treating the reliability of available opinion polls with some skepticism, it would be reasonable to conclude that the majority of Greek public opinion was, at the time of the negotiations, in favour of accession--although a serious qualifying factor was the increasingly large number of people with no opinion.<sup>110</sup>

The fact that public opinion remained serenely oblivious to the real issues surrounding accession is only partly explained by the above considerations. Undoubtedly, the Government's enthusiasm and unconditional desire for membership rendered, in its eyes, superfluous any debate. But more significantly, the lack of a full-scale campaign to influence public opinion seems to have been an act of a conscious choice of policy that even led to secrecy, given the fears that any extended discussions, let alone a referendum, on the issue of membership would ultimately affect adversely the progress of the negotiations.<sup>111</sup>

For the same reasons, the Government's dialogue with interest groups was not extensive.<sup>112</sup> With signs of growing apprehensions over Greek entry in some parts of the Community, the Greek Government's approach was an understandable tactical move, though not without a negative by-product: the wider aspects of membership, let alone the terms of entry, remained an essentially elite issue. On the other hand, such an approach was also a natural extension of Greek diplomatic thinking which is traditionally formulated by an inner, small and often isolated, group of government officials.<sup>113</sup> In contrast to the domestic experience, the fact that Greek membership was just one among many foreign-policy preoccupations of the member states obviously meant that the issue received relatively less attention in the Community countries. As already noted, its rising in and out of prominence followed closely internal electoral exigencies; and even then it tended to be subordinated to the wider problems raised by the prospect of Iberian enlargement.

The above analysis relates to the public debate on Greek membership in its broader, non-technical manifestations. However, the conclusions reached are also generally valid at the more technical level of the debate, involving studies which attempt to assess the likely impact of membership on the Greek economy. Most of the existing literature is polarized between the oversanguine expectations of uncritical supporters and the overanxious apprehensions of skeptics.

As the Introduction makes clear, the effects of accession are examined in the present thesis only to the extent that they shed light on the bargaining argumentation of each side and on the general climate of the negotiations. Studies with the effects of membership on the Greek economy or its individual sectors as their focal point were quite scarce at the time of the negotiations. However, the relevant point in the present context is whether there was any serious effort to solicit such studies and to take them into account in the formulation of specific negotiating proposals. The answer to this question is negative: apart from a few isolated exceptions, no such osmosis existed between the findings of detached investigation, whether independent or government-commissioned, and the supporting argumentation of the Greek negotiating positions.

Looking at the overall conduct of the negotiations, the above point comes as a natural side-effect not only of the organizational weaknesses but also of the negotiation strategies of the Greek side, as the previous discussion in this chapter has shown. There is no denying that the need for detailed studies was recognized from an early stage of the negotiations.<sup>114</sup> But the Greek Government saw them not so much as analytical tools for clarifying its negotiating options but rather as an ex post means of identifying problems of transition and formulating policies of adaptation after the conclusion of

the negotiations--i.e., with the terms of entry finalized and thus treated as a given parameter.

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Following an analysis of Greece's application for membership, the present chapter has attempted to abstract from the detailed and labyrinthic record of the accession negotiations in an effort to establish a "long view" of their evolution. The negotiating table, and by extension the corpus of documents recording the formal discussions, was not always a clear mirror of the real issues preoccupying the two sides; its reflection was often distorted by twisted tactics which made the problems in hand appear in disguise. A much clearer, though at times cynical, view could be obtained by recognizing that the formal negotiations were "a ritual warrior dance behind which the real decisions could be considered, postponed, and finally agreed."<sup>115</sup> From this perspective, the present analysis has gone beyond the confines of the formal procedural framework and common negotiation principles; and in the same spirit, it has paid particular attention to Greece's internal developments of the period under consideration.

Taken as a whole, this chapter provides a useful vantage point from which it is now possible to proceed with a detailed investigation of the individual negotiation dossiers, both horizontal and vertical; this is the object of the chapters that follow under Part Two.



## NOTES

- 1 For the historical background to Greece's membership application and a detailed account of the political developments surrounding it see Siotis, "La Grèce sur le chemin de l'Europe."
- 2 EEC Treaty, art. 237; the corresponding articles in the ECSC and EAEC Treaties are, respectively, arts. 98 and 205.
- 3 Transmitted to the Council on 29 January 1976.
- 4 For details on the Commission's divided vote see Ioannides, "Negotiating for Greek Accession," pp. 22-23.
- 5 Commission, "Opinion on Greek Application," pp. 7-8.
- 6 Ibid.
- 7 Ibid., p. 8.
- 8 Tovias, Tariff Preferences, p. 28. On the interpretation of Greece's Association Agreement under the provisions of art. XXIV of GATT see Association entre la CEE et la Grèce, Premier rapport annuel, pp. 37-38.
- 9 Tovias, Tariff Preferences, p. 28. See also David Robertson, "The European Community's Mediterranean Policy in a World Context," in EEC and the Mediterranean, ed. Shlaim and Yannopoulos, pp. 332-33.
- 10 The term "Mediterranean enlargement" is conveniently used to cover the accession of Greece, Portugal, and Spain to the Community, although geographically Portugal is an Atlantic rather than a Mediterranean country.
- 11 Commission, "Opinion on Greek Application," p. 9.
- 12 Ibid., p. 8.
- 13 Ibid., pp. 8, 18.
- 14 The methodology of the Commission's estimates is critically examined in M. Abad, "Les conséquences budgétaires pour la Communauté et les pays candidats," in Community of Twelve, ed. Wallace and Herreman, pp. 284-316.
- 15 Commission, "Opinion on Greek Application," pp. 7, 10.

- 16 It should be noted, however, that on this point the Commission was emphatic only in connection with the Cyprus dispute. See *ibid.*, pp. 7-8.
- 17 Greece's negative reaction mainly concerned the first part of the Commission's Opinion which covered the wider issues of Greece's membership application; but there were also criticisms on the second, technical part, whose analysis was seen as rather superficial. See Siotis, "La situation internationale de la Grèce," p. 55.
- 18 I. Pesmazoglou, "Etapas historiques et bilan du processus de rapprochement de la Grèce vers la Communauté Economique Européenne," in La Grèce et la Communauté, pp. 31, 34.
- 19 On this point see Siotis, "La situation internationale de la Grèce," p. 57.
- 20 For a more detailed account of the developments during the period between the Commission's Opinion and the Council's decision see *ibid.*, pp. 55-57.
- 21 This theme has been developed by Wallace in "Grand Gestures and Second Thoughts," especially pp. 21-24.
- 22 For further elaboration on this point see the discussion on Siotis, "La situation internationale de la Grèce," in La Grèce et la Communauté, pp. 73-75. Turkey's reactions to Greece's bid for membership are examined in Valinakis, "La stratégie de la Grèce," pp. 130-32, 218-28. See also Kohlhase, "Greco-Turkish Conflict"; Tsakaloyannis, "Greek-Turkish Dispute," pp. 45-54; Burrows, "Community of Thirteen?" pp. 146-49; and Tsoukalis, European Community and Mediterranean Enlargement, pp. 143-44.
- 23 H. Simonet, "Les réactions à la candidature hellénique et l'opportunité de l'élargissement," in La Grèce et la Communauté, p. 8. The Commission's views on Turkey reemerged at a later stage in the negotiations in the context of its "Fresco" on enlargement. See its General Considerations on Enlargement, pp. 13-14, and Economic and Sectoral Aspects, pp. 202-3. Referring in particular to the Council's commitment, at the time of its acceptance of the Greek application, that Greece's accession should have no adverse effects on the development of Turkey's relations with the Community, the Commission felt that "the Community must . . . hold to this line and seek, in close collaboration with Turkey, the practical solutions that will have to be adopted to translate this political will into reality" (*ibid.*, p. 203).

- 24 "Greco-Turkish Conflict," p. 128.
- 25 CONF-GR/7/76. For the text of the statements made by Van der Stoep, Ortoli, and Papaligouras, see CONF-GR/4/76, CONF-GR/5/76, CONF-GR/6/76, respectively.
- 26 CONF-GR/6/76, pp. 1, 13.
- 27 In addition to CONF-GR/6/76, see also CONF-GR/7/76, p. 6.
- 28 CONF-GR/6/76, p. 5; CONF-GR/2/76, pp. 2-5; "Document from the Greek delegation containing the aspects used as a basis for a statement by that delegation at the 1st ministerial meeting on 19 October 1976," working document, 1 December 1976.
- 29 CONF-GR/4/76, p. 6.
- 30 CONF-GR/5/76, p. 2; CONF-GR/8/76, p. 3; CONF-GR/41/77, p. 1.
- 31 CONF-GR/5/76, pp. 2-3.
- 32 CONF-GR/2/76, p. 2.
- 33 Ibid.
- 34 CONF-GR/4/76, pp. 3-4; CONF-GR/6/76, pp. 2-3, 11; CONF-GR/34/77, p. 1; CONF-GR/40/77, p. 3; CONF-GR/55/78, p. 3.
- 35 CONF-GR/4/76, p. 5.
- 36 CONF-GR/4/76, p. 5; CONF-GR/6/78, p. 1; CONF-GR/10/78, Annex I, p. 1.
- 37 CONF-GR/2/78, p. 3; CONF-GR/3/78, p. 2; CONF-GR/4/78, Annex I, p. 2 & Corrigendum 1.
- 38 The possibility of "supplementary" negotiations prior to their conclusion was suggested by the Greek delegation (CONF-GR/17/78, pp. 1-2; CONF-GR/27/78, p. 1; CONF-GR/30/78, Annex I, p. 3) but was not discussed by the Community; it is, nevertheless, implicit in the agreed principles. Furthermore, although the interim period formally corresponded to the period between the signing of the instruments of accession and their coming into force, for practical purposes it should be thought of in more flexible terms as the period after the last round of examination of the Community secondary legislation, and the conclusion of the substantive negotiations, up to accession. See, for example, CONF-GR/24/79, Annex I, p. 70.

- 39 But agreement on this principle did not prevent the Greek delegation from trying to link the solutions adopted in the industrial sector with those in the agricultural sector. See below, p. 108, and chap. VI, sec. A.2.
- 40 CONF-GR/9/76, p. 3; CONF-GR/40/77, p. 10; CONF-GR/55/77, p. 4; CONF-GR/2/78, p. 3; CONF-GR/3/78, p. 2; CONF-GR/4/78, Annex I, p. 2 & Corrigendum 1.
- 41 The Greek delegation expected that the negotiations would be concluded within a final stage, in which such an assessment would lead to a "package deal." See CONF-GR/39/77, p. 3; CONF-GR/50/77, p. 7.
- 42 MEMO-GR/1/76, p. 1; CONF-GR/8/76, p. 2.
- 43 MEMO-GR/1/76; CONF-GR/8/76, p. 2; CONF-GR/21/77, p. 2. The exploratory phase of the negotiations began with a series of fact-finding missions of Commission experts to Greece between April and July 1976; the background information thus collected was helpful in the subsequent preparation of the Community positions.
- 44 MEMO-GR/1/76, p. 2; CONF-GR/8/76, p. 2; CONF-GR/40/77, p. 2.
- 45 CONF-GR/2/76, p. 5; CONF-GR/22/77, p. 1.
- 46 The Commission had to update its initial sectoral lists of Community acts to include all the acts that were adopted during the period that the negotiations were under way. See CONF-GR/29/79, p. 3.
- 47 CONF-GR/22/77, p. 1; CONF-GR/50/77, p. 2; MEMO-GR/11/77, p. 1.
- 48 Apart from points relating to individual sectors, the examination of the Community secondary legislation identified certain general problems of substance common to various sectors. (a) Conventions or agreements concluded by the member states and any of the Communities, as well as decisions and agreements adopted by the representatives of member states meeting within the Council (e.g. in the fields of transport and environment policies): although these are not acts of Community secondary legislation in the strict sense of the term, they are nevertheless an integral part of the *acquis communautaire*, and as such Greece had to accede to them; this was effected by means of a general provision in the Act of Accession. (A similar situation arose with respect to agreements concluded between member states on the basis of article 220 of the Treaty of Rome; and

with respect to various resolutions, declarations, and other positions adopted by the Council.)

(b) Agreements concluded by one of the Communities, or in some cases the member states, with nonmember countries or with an international organization (e.g. in the fields of transport and external commercial relations): Greece had to apply these agreements, and in some cases accede to them. See CONF-GR/57/77, pp. 3-4; CONF-GR/36/78, p. 3; MEMO-GR/11/77, pp. 1-2; CONF-GR/46/78, pp. 1-2; CONF-GR/89/78, p. 2; Act of Accession, arts. 3-4, in 1979 Documents of Accession, pp. 17-18; Final Act, in 1979 Documents of Accession, p. 191.

- 49 CONF-GR/21/79; MEMO-GR/2/79; CONF-GR/24/79, Annex I, pp. 70-72, 76-77; CONF-GR/29/79, Annex, pp. 3-5.
- 50 CONF-GR/21/77, p. 2.
- 51 This point is examined in chap. III, sec. C.
- 52 CONF-GR/21/77, p. 2.
- 53 CONF-GR/8/76, p. 2; CONF-GR/21/77, p. 2.
- 54 CONF-GR/40/77, pp. 2, 4.
- 55 Cf., for example, CONF-GR/40/77, pp. 2, 4-5, and CONF-GR/42/77, p. 2. See also CONF-GR/71/77, p. 2.
- 56 CONF-GR/49/77, p. 5; CONF-GR/55/77, pp. 1, 6.
- 57 CONF-GR/55/77, pp. 1-2, 6.
- 58 Ibid., p. 5.
- 59 CONF-GR/69/77, p. 5.
- 60 CONF-GR/70/77, pp. 1-2.
- 61 CONF-GR/22/77, pp. 3-5; CONF-GR/49/77, p. 6; MEMO-GR/11/77, p. 1; CONF-GR/68/77, p. 3. The examination conducted by the Commission was only the preliminary stage to the final adoption by the Conference of all the necessary technical adjustments and amendments to the Community secondary legislation. All the technical adaptations to Community acts are listed in Annexes I and II to the Act of Accession (see also arts. 21 and 22). Listed separately in other parts of the Act of Accession are (a) Community acts (Regulations and Decisions) whose application in Greece was deferred, the period of deferrment varying according to the specific circumstances of each case (see art. 144 and Annex XI); (b) Community acts (Council Directives) which Greece had to comply with

by putting into effect the necessary measures within specific time limits agreed upon in the negotiations (see arts. 114, 145, and Annexes IV, XII).

- 62 CONF-GR/20/77, p. 3; CONF-GR/39/77, p. 4; CONF-GR/47/77, Annex I, p. 2; CONF-GR/60/77, p. 3; CONF-GR/70/77, pp. 2-3; CONF-GR/81/78, p. 1.
- 63 CONF-GR/47/77, Annex I, p. 2; CONF-GR/70/77, pp. 2-3; CONF-GR/81/78, p. 1.
- 64 MEMO-GR/18/78, p. 1.
- 65 CONF-GR/21/77, p. 3; CONF-GR/25/77, p. 1; CONF-GR/49/77, p. 5; CONF-GR/55/77, p. 4; CONF-GR/64/77, pp. 2-3.
- 66 CONF-GR/39/77, pp. 4-5; CONF-GR/47/77, Annex I, p. 2. Greece's working hypothesis of a general five-year transitional period referred equally to transitional measures and temporary derogations. See MEMO-GR/18/78, p. 2. In a further attempt to have its position accepted, the Greek delegation tried, unsuccessfully, to persuade the Community to accept the five-year transitional period as a joint working hypothesis that would not prejudice any final agreement on this point. See CONF-GR/60/77, p. 3; CONF-GR/64/77, pp. 2-3.
- 67 CONF-GR/81/78, p. 1.
- 68 Once agreement was reached on matters relating to the transitional period, these conditions were automatically satisfied. Accordingly, and in order to avoid unnecessary repetitiveness in the citation procedure of the present research, agreement on the various negotiation points is noted without explicit reference to these preliminary conditions.
- 69 CONF-GR/49/77, p. 5.
- 70 See Varfis, "Hê Entaxê mas stên EOK."
- 71 CONF-GR/39/77, p. 4.
- 72 CONF-GR/47/77, Annex I, p. 2. According to the Greek delegation, knowledge of the Community position on agriculture was regarded as a prerequisite for entering into the substantive negotiation stage. See CONF-GR/20/77, p. 3.
- 73 CONF-GR/47/77, Annex I, p. 2.

- 74 CONF-GR/20/77, p. 2; CONF-GR/39/77, pp. 2-3. The Greek delegation also requested for more frequent, if deemed necessary, sessions of the Conference at deputy level during the substantive stage of the negotiations. See CONF-GR/37/77, p. 5. This, however, did not amount to any new proposal, since the organizational framework adopted in the beginning of the negotiations allowed for such flexibility in the frequency of the Conference meetings.
- 75 CONF-GR/2/76, p. 2.
- 76 CONF-GR/47/77, Annex I, p. 1.
- 77 CONF-GR/47/77, p. 2 & Annex II, p. 1. See also CONF-GR/40/77, p. 9.
- 78 CONF-GR/20/77, p. 4.
- 79 See, for example, Kyriazidis, "Hellas kai Eurôpê"; and Varfis, "Poso Hetoimoi Eimaste gia Diapragmateuseis."
- 80 Simonet, "Les réactions à la candidature hellénique," pp. 8-9.
- 81 CONF-GR/70/77, p. 6.
- 82 OECD, Greece, Economic Surveys Series (Paris: OECD, 1963), p. 35.
- 83 CONF-GR/100/78, p. 1. A detailed account of Karamanlis' initiatives is contained in Kontogeorgis, Hê Hellada stên Eurôpê, pp. 120-39.
- 84 CONF-GR/4/76, p. 7; CONF-GR/6/76, p. 3; CONF-GR/70/77, p. 7; CONF-GR/101/78, p. 7; CONF-GR/109/78, p. 2.
- 85 CONF-GR/111/78, p. 2.
- 86 CONF-GR/100/78, p. 1.
- 87 CONF-GR/24/79, p. 6.
- 88 In contrast, the previous enlargement negotiations lasted eighteen months and were completed in thirty-eight deputy sessions and thirteen ministerial ones. It is interesting to note that at the beginning of the negotiations the working assumption of the Greek delegation was that they would last approximately one year. See CONF-GR/10/76, p. 1.
- 89 CONF-GR/15/79, pp. 1-2; CONF-GR/18/79, p. 5.
- 90 See Yataganas, "Legal Problems," pp. 347-49.

- 91 CONF-GR/24/79, p. 2; CONF-GR/31/79, p. 2; Act of Accession, Annex I, in 1979 Documents of Accession, p. 113.
- 92 Act of Accession, Annex I, in 1979 Documents of Accession, p. 113.
- 93 CONF-GR/16/79; CONF-GR/18/79, p. 6 & Annex I, p. 19; Act of Accession, art. 147; Final Act, in 1979 Documents of Accession, p. 192. In the case of the ECSC Treaty, the Greek version is simply a translation of the French text, it being the only authentic one.
- 94 CONF-GR/23/79, p. 2; CONF-GR/24/79, p. 2. The details regarding the finalization of the date of accession are examined below in chap. IV, sec. B.
- 95 For a legal analysis of these documents see Skandamis, "Prolegomena Proschôrêsês," pp. 42-54.
- 96 The official name employed in the Community legal acts is "Hellenic Republic."
- 97 1979 Documents of Accession, p. 3.
- 98 Ibid., p. 5 (art. 2).
- 99 Ibid., p. 7.
- 100 Ibid., p. 12 (art. 2).
- 101 For further details see Evrigenis, "Legal and Constitutional Implications"; Tsoukalis, European Community and Mediterranean Enlargement, pp. 106, 142-43; and Sôtêrês Varouxakis, "Hê Proschôrêsê tês Hellados stis Eurôpaïkes Koinotêtes: Syntomo Chroniko tês Diadikasias Epikyrôseôs" [The Accession of Greece to the European Communities: A Brief Account of the Process of Ratification], Revue hellénique de droit européen, no. 2 (1981), pp. 564-69.
- 102 Greece's administrative organization as it related to the negotiations and the interim period is further examined in Yataganas, "Legal Problems," pp. 334-36, and Valinakis, "La stratégie de la Grèce," pp. 199-204.
- 103 The principal members of the team were Grigoris Varfis, head of the General Directorate for Greek-EC relations in the Ministry of Coordination; Athanasios Andreopoulos, head of the General Directorate for external trade in the Ministry of Trade; and Alekos Chloros, Professor of Comparative Law at London University.



- 104 The picture, in line with the available evidence, is not clear; see, for example, Varfis, "Hé Diapragma-teutiké Hikanotéta tês Hellados," p. 8, and Pesmazoglou, Hellada kai Eurôpaikê Koinotéta, pp. 155, 173-76.
- 105 Following the reshuffling, Andreopoulos also assumed Varfis' position in the Ministry of Coordination. Professor Chloros, who retained his position in the new team, was responsible for the legal aspects of the negotiations and also personally involved in the final drafting of the Greek position papers and the instruments of accession.
- 106 Greece's early postaccession experience with the European Regional Development Fund provides further evidence on this point: the highly successful record in absorbing her quota of the Fund's resources should more appropriately be attributed to this factor rather than to a smoothly functioning and rational organizational structure.
- 107 For details on the attitudes of organized interest groups see Tsoukalis, European Community and Mediterranean Enlargement, pp. 113-14.
- 108 PASOK's manifesto against Greek membership is contained in its publication Hellada kai Koinê Agora: Ho Antilogos (Greece and Common Market: The Counter-statement), 2d ed. (Athens: PASOK, 1976). For an analysis of PASOK's evolving attitudes towards the Community from 1974 to the postaccession years see Haralabos Loukissas, "Le P.A.S.O.K. face à la Communauté Européenne" (Mémoire pour le Diplôme d'Etudes Approfondies, Université de Paris II, 1983).
- 109 For example, an opinion survey conducted by the Commission towards the end of 1980 revealed that a not insignificant minority of respondents with left-wing party affiliations were also in favour of the Community (reported in the Times, 17 December 1980, cited by Loukas Tsoukalis, "Greece in Europe: The Tenth Member," The World Today 37 (April 1981):122). A related observation concerns the Socialists' decision to boycott the parliamentary ratification vote: one of the motives seemed to be an eagerness to conceal the party's lack of unity on the membership issue. It is also interesting to note that politicians who had fought against Greece's association came around to support accession. For an attempt to explain this point, see S. Papaspiliopoulos, comments on "Les partis politiques grecs face à l'adhésion," by K. Simitis, in La Grèce et la Communauté, p. 75, and Syrianos, "Politikes Dynameis."

- 110 Actual percentages of "don't knows" ranged from approximately 31% to 46% during the 1978-79 period, amounting to 41% in late 1980; but they must be treated with a grain of salt. See Tsoukalis, European Community and Mediterranean Enlargement, p. 107, and "Greece in Europe," p. 122. On the whole, taking also into account impressionistic evidence, it seems reasonable to side with Siotis' general conclusion that, at least at the time of Greece's accession, "pro-European forces constitute the majority of Greek public opinion" ("Characteristics and Motives for Entry," in Enlargement of the European Community, ed. Sampedro and Payno, p. 58).
- 111 K. Simitis, "Les partis politiques grecs face à l'adhésion," in La Grèce et la Communauté, p. 69. Simitis' paper provides an interesting, though not entirely objective, analysis of the positions of Greek political parties on the issue of membership. On the same theme, see also the comments by Pasmazoglou and Papaspiliopoulos in *ibid.*, pp. 72-73, and 75, respectively.
- 112 At times the dialogue was also selective, with a tendency to by-pass groups whose leadership was affiliated with the anti-Community opposition. This was, for example, the case with the lawyers, when the question of the freedom to provide services arose in connection with the preparation of the relevant negotiation dossier. See Mitsos, "Hellada-EOK," p. 43.
- 113 This point is examined by Couloumbis, "Greek Foreign Policy," pp. 110-11.
- 114 See, for example, CONF-GR/20/77, p. 2.
- 115 Kitzinger, Diplomacy and Persuasion, p. 75. The quotation derives from Kitzinger's reflections on Britain's membership negotiations but is equally applicable to the Greek experience.

PART TWO

THE CONDUCT AND OUTCOME OF THE NEGOTIATIONS:

A SECTORAL ANALYSIS

## CHAPTER III

### HORIZONTAL ASPECTS OF THE NEGOTIATIONS

#### A. General Issues

The detailed analysis of Part Two begins with an examination of certain general issues raised in the course of the negotiations and pertaining to their whole spectrum: the nature and duration of transitional arrangements, the general reciprocal safeguard mechanism, and the consultations procedure.

##### 1. The Nature of Transitional Arrangements and their Length of Application

As already noted, the establishment of transitional arrangements was regarded by both sides as the main mechanism for resolving problems of adjustment that were identified in the negotiations. However, agreement on this principle--and on a "time-structured," rather than a "target-structured," approach to the transitional period<sup>1</sup>--was not matched with agreement on exactly what, and within what time period, such transitional arrangements were meant to accomplish.

According to the Community view, transitional arrangements should be designed in such a way that an overall balance of reciprocal advantages is ensured, a balance that would take into account not only the adjustment needs of Greece as a new member but also those of

the enlarged Community.<sup>2</sup> The Greek delegation, on the other hand, was against such an approach, maintaining that the Community stood to derive considerable advantages from accession itself and should not therefore seek to augment them through transitional measures and temporary derogations established in its favour.<sup>3</sup> In the Greek view, which was consistent with the approach adopted in the previous enlargement, the sole purpose of transitional arrangements was to meet the adjustment needs of the acceding state thereby facilitating the application of the *acquis communautaire*.<sup>4</sup> Any transitional arrangements that the Community might negotiate in its favour would have a cumulative negative impact on Greece by postponing the benefits expected to accrue from accession and by increasing Greece's financial burden during the first years of membership.<sup>5</sup>

This latter point was especially relevant in the case of agriculture, and the Greek delegation emphasized it in that particular context. In fact, since the general question of transitional arrangements and the specific problems relating to agriculture were the two major sources of difficulties and complications in the course of the negotiations, the various issues relating to them were often linked in the actual negotiations--all the more so given that the debate on transitional measures in agriculture was inevitably linked in substance with the discussion on transitional measures in general.<sup>6</sup> In line with this pattern, the general question of reciprocal

advantages is further analyzed under the chapter devoted to agriculture.

The length of application of the transitional arrangements was an additional problem that had to be resolved--a problem which, as previously noted, became unnecessarily complex in its handling due mainly to the Community's unwillingness to state explicitly its position at the appropriate time in the negotiations. Both sides agreed that, instead of being of equal duration in all cases, the time length of transitional arrangements could be adjusted to account for specific circumstances and needs--though, as a general rule, they would have to incorporate detailed timetables.<sup>7</sup> Seen in this light, the debate on the length of the "overall" or "general" transitional period should more meaningfully be thought of as an attempt to establish a "central tendency" in its time duration with deviations on either side. Greece's proposal, based on the experience of the previous accession negotiations, was a five-year "basic" transitional period and was eventually accepted by the Community.<sup>8</sup>

The question of the general transitional period should, therefore, not be confused with the related but quite separate issue of the maximum length of the transitional period. Confronted with sensitive issues with respect to the free movement of workers and certain agricultural products (olive oil, certain fruit & vegetables, and wine), the Community was oriented towards a maximum transitional period of eight years for these cases. This

was a serious matter for the Greek Government, which saw these deviations from the five-year rule as harmful, both economically and (given the attention that they had received from the opposition at home) politically. Hence, a final compromise on this issue did not come easily. The ministerial negotiations of 6 December 1978 led to an impasse and to the subsequent personal intervention of Prime Minister Karamanlis, who, in a letter addressed to the Heads of the Nine and the President of the Commission, stressed that

the idea of certain deviations from the principle of the five-year transitional period is both unjust and politically inappropriate for Greece. Because, without serving substantial economic interests of the Community, it could have disagreeable political consequences in my country.

In the final compromise reached at the ministerial meeting of 20 December 1978, the length of the maximum transitional period was reduced to seven years and the areas of its application limited to peaches, tomatoes, and the free movement of workers.<sup>10</sup>

Needless to say, the duration of the transitional arrangements was not an issue that was resolved in a vacuum. Accordingly, its more detailed aspects are discussed in the chapters that follow: the twists in the argumentation of the two sides can be appreciated when examined in the context of the specific negotiation dossiers which enveloped the wider ramifications of this debate.

## 2. General Reciprocal Safeguard Mechanism

As with the previous enlargement, Greece's Act of Accession had to provide for a mechanism to deal with difficulties that might arise on either side during the period of application of the various transitional measures.<sup>11</sup> However, the Greek delegation was opposed to the idea of having sectors covered by the Association Agreement, and in particular customs union in industrial products, included within the scope of such a reciprocal safeguard clause: although such a clause was envisaged under the Agreement in the field of industrial customs union, it was a transitory one and no longer applicable; its reintroduction would therefore be a retrograde step in relations between Greece and the Community.<sup>12</sup> With the Community objecting to such an approach, the Greek delegation finally came around to agreeing to a safeguard clause embracing all sectors of Community activity<sup>13</sup>-- a compromise that was seriously criticized at home.<sup>14</sup> It also agreed that the clause to be included in the instruments of accession would be similar to that of article 135 of the 1972 Act of Accession.<sup>15</sup> As for its duration, this was to be five years--except in cases involving a longer transitional period, in which the duration of the safeguard clause was to be equal to that of the transitional period.<sup>16</sup> However, it is difficult to see how reciprocity could be ensured in these latter cases since, given their nature, it was the Community rather than Greece that was likely to invoke the safeguard clause during the two additional transitional years.<sup>17</sup>



Within this framework, an emergency procedure was provided for in the event of serious economic difficulties, allowing for a speedy decision by the Commission on the immediate application of safeguard measures by a member state. It should be noted that the safeguard clause adopted was similar to but not identical--as the Greek delegation would have preferred it to be--with the corresponding clause of the 1972 Act of Accession. While article 135 of the latter provides for an emergency procedure only in general terms, article 130 of the Greek Act specifies it in terms of detailed provisions:

In the agricultural sector, where trade between the Community as at present constituted and Greece causes or threatens to cause serious disturbances on the market of a Member State, the Commission shall act upon a request by a Member State for the application of appropriate measures within 24 hours of receiving such request.<sup>18</sup>

These arrangements were received with skepticism at home, seen by critics as a potential source of difficulties for Greece, a Pandora's box for her vulnerable agriculture.<sup>19</sup>

### 3. Consultations Procedure

In the initial stage of the negotiations, when references to the Association Agreement entered in one way or another into virtually all the Greek position statements, the consultations procedure was thought of by the Greek delegation as an extension of the relevant arrangements provided for in the Agreement and as a means of expressing its views on the future development of Community

policies; the initial request was for this procedure to begin immediately and cover both the period of the negotiations and the interim period up to accession.<sup>20</sup>

The Community made a clear distinction from the outset between the regular briefing of the Greek side on Community developments, an arrangement willingly provided, and Greece's pre-accession participation in the actual process of Community policy developments to which it was firmly opposed.<sup>21</sup> (Greece was granted, however, an observer status for the interim period, which allowed Greek representatives to participate in the workings of the Community institutions but without any voting rights.<sup>22</sup>) Furthermore, the formal consultations procedure, which was to apply equally to all sectors of Community policy, would have to be limited to the interim period and follow along the lines of the previous enlargement.<sup>23</sup>

The above framework, which was fully accepted by the Greek delegation,<sup>24</sup> comprises the following specific arrangements:<sup>25</sup> (a) Greece would be informed of any Commission proposal or communication which might lead to Council decisions; (b) following "reasoned" requests by Greece, consultations would take place within an Interim Committee at COREPER level composed of representatives of the Community and Greece; (c) any serious difficulties that might remain after such consultations could be taken up at ministerial level.<sup>26</sup> The above procedure would also be initiated for any decisions to be taken by Greece which might affect her commitments as a future member state.<sup>27</sup>

In addition, an appropriately defined procedure was also to apply in the case of agreements or conventions between member states existing in draft form during the interim period and expected to be concluded and finalized only after accession.<sup>28</sup>

#### B. The Institutional Aspects

Following the discussion of certain general issues, the analysis now turns to a detailed examination of two negotiation dossiers which, due to their "horizontal" nature, stand out quite separately from the rest; they concern the institutional and budgetary aspects of accession.

The negotiation dossier dealing with institutional matters was very different from the rest in that it involved no temporary derogations or transitional measures but required instead permanent amendments to the Treaties to account for Greece's accession and participation, as the tenth member, in the functioning of the Community institutions and bodies, entailing various "numerical" adjustments in their composition and operation. The basic principle underlying these adjustments was that every member state must be represented in every institution and body of the Communities--the implication being that Greece's full participation was to be effective as from the date of accession and independently of any transitional measures and temporary derogations agreed upon in other sectors in the course of the negotiations.<sup>29</sup>

The institutional dossier was negotiated in a fairly straightforward manner and created only a few minor complications--bypassing on the whole the internal Community debate on institutional reform to which enlargement had given rise, inspite of efforts by certain member states (such as Ireland) to make improvements in Community decision making a precondition for the conclusion of the Greek negotiations.<sup>30</sup> This was mainly due to the very nature of its subject matter which allowed little room for differences of position; but it was also due to the existence of two simplifying factors--that the population of Greece is approximately equal to Belgium's and that Norway's abortive candidature during the previous enlargement had already identified the institutional adjustments necessary for the accession of a tenth Community member.<sup>31</sup> The detailed adjustments negotiated are examined below.<sup>32</sup>

#### 1. The Council and the Commission

In cases where the Council is required to act by a qualified majority with weighted voting, the Greek vote would be weighted by a factor of five.<sup>33</sup> Accordingly, adoption of Council acts would require at least (a) 45 out of a total of 63 votes in cases where a Council act is adopted on the basis of a Commission proposal (without Greece, 41 out of 58 votes were required); and (b) 45 votes in favour cast by at least six members, in other cases.<sup>34</sup> With respect to the ECSC Treaty, the existing requirement of a special 8/9 majority in the case of certain adjustments to the Treaty was amended to a 9/10 majority.<sup>35</sup>

An additional issue that had to be resolved was the order of holding the Council Presidency. Following the Greek delegation's choice of "Ellas" as the country's name to be used in the alphabetical order, Greece was to hold the office of the Presidency after Deutschland and before France.<sup>36</sup> Although understandable, Greece's choice for a Latin equivalent that "sounds" like the Greek "Έλλάς" was a rather unsatisfactory one. From a linguistic point of view, it introduced an unnecessary and awkward departure from the established "Hellas," whose time-honoured usage transcends mere transliteration practices.<sup>37</sup> From a practical point of view, if Greece had opted for this latter version, she would have been placed after France and before Ireland in the order of holding the Council Presidency. For an old member, a six-month difference in the holding of this office would probably have been a trivial matter. But for a new member state, struggling to come to grips with the awesome demands of the Community mechanisms and bureaucracy, this difference would have been a welcome breathing space. The record of the Greek Presidency during the second half of 1983 lends support to the above view.

Regarding the Commission, the required numerical adjustment related to the number of its members: it was increased from 13 to 14 to include a Greek Commissioner.<sup>38</sup>

## 2. The European Parliament

On the assumption that Greek accession would take place after the first direct elections, i.e. after June 1979,

it was agreed that twenty-four seats would be added to the European Parliament for Greek representatives without altering the existing allocation of seats of the old member states.<sup>39</sup>

On the further assumption that Greek accession would occur during the five-year term of the first directly elected Parliament, the Conference had to adopt transitional measures for Greek representation in it for the remainder of the five-year term, i.e. until June 1984. Two alternative solutions were open to the Greek delegation to choose from: either (a) to hold an election for the remainder of the term, or (b) to fill the Greek quota until the second Direct Elections according to the original formula envisaged in the Treaty whereby delegates would be designated by the Greek Parliament from among its members.<sup>40</sup> Greece opted for the first choice; the elections for the European Parliament were in fact held on 18 October 1981 simultaneously with the national elections.<sup>41</sup> The above arrangement was supplemented with the provision that during the transitory period, between 1 January 1981 and the date of the elections, the twenty-four Greek representatives would be chosen according to the second formula.<sup>42</sup>

### 3. Other Community Institutions and Bodies

The Conference also agreed on the numerical adjustment of the Treaty provisions relating to the other Community institutions and bodies, as follows.

Court of Justice. Upon accession, a Greek Judge would be appointed to the Court of Justice.<sup>43</sup> (The Council decision on the necessary adjustments to the Treaties corresponding to this increase in the number of judges was postponed for immediately after accession, in view of a Court memorandum requesting Treaty adjustments independently of enlargement.<sup>44</sup>)

Court of Auditors. Its membership was to be increased from nine to ten, to allow for a Greek member.<sup>45</sup>

Economic and Social Committee. Increased by twelve members, to be provided by Greece.<sup>46</sup>

ECSC Consultative Committee. Greece was to have three members (one for each category--i.e., producers, workers, and consumers & dealers), which would be accommodated within the existing numerical arrangement of a minimum of sixty and a maximum of eighty-four members (the actual membership was eighty-one, twenty-seven from each category).<sup>47</sup> The number of Greek members was decided on the basis of certain common allocative criteria--namely, the relative national share of coal and steel production, the number of ECSC workers, and the number of consumers of ECSC products.<sup>48</sup>

EAEC Scientific and Technical Committee. The Committee was to be enlarged upon accession from twenty-seven to twenty-eight members with the appointment of one Greek member.<sup>49</sup>

European Investment Bank. Greece was to have one member in the Board of Governors of the Bank, whose membership was to be accordingly increased from nine to ten.<sup>50</sup>

Decisions taken by simple majority would require six instead of five votes, representing in both cases at least 40% of the subscribed capital.<sup>51</sup> Membership of the Board of Directors was similarly raised from eighteen to nineteen, while the number of alternates was increased from ten to eleven--the additional alternate to be nominated by common agreement by those member states without one (Denmark, Ireland, and Greece).<sup>52</sup> No adjustment was required with respect to decisions by the Board of Directors requiring simple majority, it remaining at ten votes; qualified-majority decisions, however, would require thirteen instead of twelve votes.<sup>53</sup> Greek representation in the Audit and Management Committees of the Bank was to be provided for by means of rota arrangements.<sup>54</sup>

Regarding the financial aspects of Greece's participation in the Bank's operations,<sup>55</sup> her contribution to the Bank's capital as well as to its various reserves and provisions was determined on the basis of the share of her GDP in the total GDP of the Community of Ten which in 1976 was 1.56%; using this coefficient, the amount of capital to be subscribed by Greece was set at 112.5 million units of account, making the total capital of the Bank 7,200 million. The proportion of Greece's subscribed capital to be paid in would be approximately 12.86%, determined on the basis of the Bank's statutory regulations. The negotiations also established the timing and mode of Greece's capital payments as well as of her contribution to the Bank's reserves and provisions.<sup>56</sup>



A further point that had to be settled was Greece's transition from the Second Financial Protocol, giving access to EIB lending under the Association Agreement, to membership status. Arrangements for such a transition were agreed upon to allow for the eventuality of EIB funds under the Second Financial Protocol remaining unabsorbed at the time of accession; and for the guaranteeing and repayment after accession of loans granted by the Bank to Greece prior to accession.<sup>57</sup>

Considering Greece's overall participation as a full member in the operations of the Bank, it should be stressed that Greece accepted all of the Bank's statutory obligations and other commitments since these were not open to negotiation for the purposes of accession (apart from a number of technical adjustments as examined above).<sup>58</sup>

In addition to adjustments which involved permanent amendments to the Treaties, certain substantive institutional issues were also identified in the course of the examination of the Community secondary legislation and resolved in the context of the substantive negotiations, the arrangements adopted being in most cases similar to those provided in the previous enlargement. These issues related to (a) the rules of procedure of the institutions of the Communities and of Community bodies;<sup>59</sup> (b) the general problem of participation of Greek nationals or representatives in various committees

set up or governed by Community acts;<sup>60</sup> (c) the special and authentic Greek edition of the Official Journal of the European Communities covering all acts of Community secondary legislation in force at the time of Greek accession;<sup>61</sup> and (d) the statutes of the Euratom Supply Agency.<sup>62</sup>

### C. The Budgetary Aspects

#### 1. The Arrangements Negotiated

Accession entailed acceptance of the rules for financing the Community budget, applicable from 1 January 1978 and known as the integral system of own resources. According to this system, the member states contributed to the Community budget all customs duties and agricultural levies & duties as well as a maximum of 1% of the uniform basis for assessing VAT (known as the VAT rate and being the same for all member states). The Community rules specified that until the uniform basis for assessing VAT was applied in all member states, and provided that at least three of them had done so, those who had not yet applied it were to calculate their contributions on the basis of the relative share of their GNP to the sum total of the Community GNP.

It should be noted that in the previous enlargement the new member states were granted an additional transitional period of two years in order to avoid a sudden move from a system founded on a basic scale and relative shares to the integral system of own resources.<sup>63</sup> In the case of

Greece, however, the Community had no intention of following the transitional arrangements that were adopted in the previous enlargement.<sup>64</sup> Its insistence on this point did not only reflect the general principle of an own-merits approach; it was also based on the fact that while at the time of the previous enlargement the introduction of the own-resources system was in a state of transition, Greece's accession would occur at a time when the system would be in operation and would thus require the safeguard of the relevant *acquis communautaire*.<sup>65</sup> Accordingly, the transitional measures for the application of the own-resources system in Greece, though necessary, would have to be such that the system is neither distorted nor its full application by the existing member states delayed.<sup>66</sup>

It was against this general background of Community thinking, which was eventually accepted by the Greek side,<sup>67</sup> that the detailed negotiations on the subject were conducted. And it is not surprising, as the Community side had in fact predicted at an early stage of the discussions,<sup>68</sup> that, given its importance and special nature, the budgetary dossier was among the last ones to be settled in the negotiations.

In the initial formulation of its position, the Greek delegation considered the sum total of Greece's contribution to the Community budget (derived from agricultural levies, customs duties, and VAT), and requested for a gradually stepped-up contribution over a five-year

transitional period with an additional system of brakes during the sixth and seventh years after accession.<sup>69</sup> This approach eventually gave way to one that examined each type of resource separately, identifying in each particular case the detailed transitional arrangements to be negotiated. What helps explain this development is the fact that many of the budgetary issues relating to levies and customs duties overlapped with material already negotiated under the agricultural, customs-union, and external-relations chapters; in fact, the duration and scope of the budgetary transitional measures being contemplated came to depend on related transitional measures already adopted under these chapters.<sup>70</sup>

a) Agricultural levies and other duties levied under the CAP

The general point agreed upon was that the agricultural levies actually collected by Greece under the CAP should be paid over in full to the Community from the date of accession.<sup>71</sup> The detailed arrangements within this agreement derived from the application of the relevant *acquis communautaire*, which, in conjunction with the concluded transitional arrangements for Greece's adoption of the CAP, was accepted by the Greek side.<sup>72</sup> Accordingly, (1) on the assumption that trade remained stable or increased, the gradual alignment of Greek to Community prices over the transitional period would take the form of a progressive increase in agricultural levies; (2) the accession compensatory amounts levied as a result of differences between Community and Greek prices would

be regarded as own resources; (3) monetary compensatory amounts resulting from changes in the parity of the drachma for agricultural prices and collected from third countries would also be regarded as own resources.<sup>73</sup>

b) Customs duties

According to the agreement reached, Greece would pay to the Community that revenue from customs duties still applying after the end of the transitional period.<sup>74</sup> The amount due would be paid in full (i.e. at the rate of 100%) from the date of accession and would be calculated, until 31 December 1985, as if Greece applied as from accession the rates of the common customs tariff on her imports from third countries, taking into account the reduced rates determined by Community tariff preferences; as from 1 January 1986, Greece would pay in its entirety the total amount of customs duties levied.<sup>75</sup>

Given that customs duties had traditionally been a considerable source of revenue for Greece owing to the high import requirements of her industrial development, its loss was viewed with considerable concern by the Greek side.<sup>76</sup> However, what contributed to the acceptance of the above arrangements was the fact that the loss involved would not be sudden but gradual, in line with the progressive solutions negotiated in the fields of customs union and external commercial relations.<sup>77</sup>

c) Value-added tax (VAT)

The introduction in Greece of the uniform basis for assessing VAT was set for the end of the third year

following accession.<sup>78</sup> (In practice, however, the transition from the existing complex system of indirect taxes to the common system of value-added tax proved a formidable task which, given the delays in the preparatory work of the Greek administration, necessitated the subsequent extension of the transitional period until 1 January 1987.) During the transitional period Greece's VAT contribution to the Community budget would be calculated, following the relevant *acquis communautaire*, on the basis of the relative share of her GNP to the total Community GNP.<sup>79</sup>

With respect to this Community resource, in either form, a transitional refund mechanism was established in order to soften the impact of its application.<sup>80</sup> According to this mechanism, the Greek VAT contribution would be paid in full to the Community budget as from accession; however, for a five-year transitional period Greece would receive a progressively decreasing percentage refund of 70%, 50%, 30%, 20%, and 10% annually during the 1981-85 period, with a zero refund after the end of the transitional period.<sup>81</sup>

## 2. The Magnitudes Involved

The separate examination and negotiation of Greece's contribution with respect to each type of Community resource brought into sharper focus Greece's transitional requirements. On the other hand, this approach diffused the issue of Greece's overall contribution to the Community budget, subordinating it to the ultimate

question as to whether Greece would be a net payer to or net beneficiary from the Community budget during the first and subsequent years of accession when account is taken of both her payments and receipts. (This point was also raised in connection with the agricultural negotiations and is accordingly further examined in chapter VI.)

Looking at the terms of entry as negotiated until the end of December 1978 and allowing for inadequacies on the part of the Greek administration in absorbing effectively the available Community funds, a situation aggravated by the existence of procedural delays in payments on the part of the Community,<sup>82</sup> the emergence of Greece as a net payer to the Community budget was a distinct possibility. Following the Greek delegations's calculations, based on an exchange of views with the Commission and reflecting the situation as it had evolved by the end of 1978, the overall financial balance with respect to the Community budget for the first year following accession was estimated at a net contribution by Greece of 76 million EUA (table 3).<sup>83</sup>

This was in sharp contrast to the initial 1976 estimates by the Commission which were included in its Opinion on the Greek application (see table 1) as well as to the 1978 estimates which were calculated in the context of its "Fresco" on enlargement; although of a hypothetical and static nature, both exercises had nevertheless suggested that Greece as a member state would be a net beneficiary rather than a net contributor. In the particular

Table 3.--Estimate of Greece's financial balance with respect to the Community budget for the first year after accession, on the basis of the terms negotiated by 21.12.1978 (in million EUA)

CONTRIBUTIONS	324		
Levies	141		
- Maize		80	
- Meat		61	
Customs Duties	79		
VAT	104		
REVENUE	248		
EAGGF Guarantee	169		
- Cereals. Rice		42	
- Olive oil		31	
- Cotton		4	
- Tobacco		26	
- Fruit and Vegetables		43	
- Miscellaneous		23	
. Wine			6
. Sugar			6
. Milk			8
. Others			3
EAGGF Guidance	12		
ERDF	30		
Social Fund	10		
Other	5		
Refunds	22		
BALANCE OF REVENUE/CONTRIBUTIONS	-76		

SOURCE: MEMO-GR/1/79, p. 10.



case of the 1978 estimates--which were derived from a simulation exercise based on the hypothetical case of Greece, Spain, and Portugal being fully integrated members of the Community in 1978--it was shown that Greece would have required in 1978 a net transfer of Community resources in the magnitude of 400 million EUA; in percentage terms, this would have corresponded to 2.3% of Greece's GDP and to approximately 10%-15% of her annual volume of investment.<sup>84</sup>

If the entry negotiations were to be concluded with the overall balance remaining negative, one could well imagine its serious political, let alone economic, repercussions for Greece. However, the transitional arrangements agreed upon during the concluding stage of the negotiations, in particular the compromises reached with respect to Greece's contributions, did ensure that Greece would finally emerge from the negotiating table a net beneficiary with respect to the Community budget.

Generally speaking, the expected inflow of Community funds was much smaller than Greece had hoped for, considering the needs of her economy;<sup>85</sup> it is also seen to be small when compared with the per capita benefits or, more specifically, with the agricultural budgetary transfers enjoyed by certain member states (e.g. Ireland).<sup>86</sup> On the other hand, Greece was generally expected to fare better in this respect than Portugal and Spain, given the relative importance of tobacco and olive oil in her total agricultural production.<sup>87</sup> The fact remains, however, that

the negotiations, conducted in an environment of recession and high unemployment, could not settle in a satisfactory manner issues connected with income distribution and transfer of resources. It is not surprising, therefore, that ambitious proposals (such as those by the Commission's President Roy Jenkins<sup>88</sup> and West Germany's Social Democratic Party<sup>89</sup>) for the transfer of substantial funds to the applicant countries did not go very far, and that the final picture presented a much clearer assessment of the budgetary impact rather than of the wider financial implications of Greek accession; for the latter, one would also have to take into account balance-of-payments considerations, the loss of revenue due to the reduction or abolition of customs duties, borrowing from various Community instruments, as well as additional Community flows falling outside the scope of the Community budget.<sup>90</sup> Be that as it may, the final compromise was sealed with the recognition that the transitional measures agreed upon resolved all budgetary problems raised by the Greek delegation in the course of the negotiations, with all nonbudgetary problems connected with them having been resolved under the respective negotiation dossiers (i.e., customs union, external commercial relations, and agriculture).<sup>91</sup>

## NOTES

- 1 The two approaches are contrasted and assessed by Antonio da Silva Ferreira, "The Economics of Enlargement: Trade Effects on the Applicant Countries," Journal of Common Market Studies 17 (December 1978): 136-39. The term "transitional arrangements" is used in the present research to denote both transitional measures (providing for progressive adjustment) and temporary derogations (deferring Greece's implementation of Community obligations). The term "length of transitional period" is used in both cases to denote their period of validity.
- 2 CONF-GR/4/76, p. 6; CONF-GR/21/77, p. 3; CONF-GR/40/77, p. 5; CONF-GR/64/77, pp. 2-3.
- 3 MEMO-GR/18/78, p. 2.
- 4 CONF-GR/66/77, p. 4; MEMO-GR/18/78, p. 2. See also the 1972 Act of Accession, art. 9. Cf. Pesmazoglou, Hellada kai Eurôpaikê Koinotêta, pp. 203-4.
- 5 MEMO-GR/18/78, p. 3.
- 6 See, for example, CONF-GR/70/77, p. 5.
- 7 CONF-GR/4/76, p. 6; CONF-GR/6/76, p. 6. Detailed and progressive timetables were often lacking from the Greek proposals for transitional arrangements, the requests in such cases being for an one-stroke adjustment at the end of the transitional period. This was an additional source of disagreement between the two delegations. See CONF-GR/64/77, pp. 2-3.
- 8 CONF-GR/6/76, p. 5; CONF-GR/97/78, p. 6; CONF-GR/111/78, Annex I, p. 1.
- 9 Quoted in Kontogeorgis, Hê Hellada stên Eurôpê, p. 182. (Translation mine.)
- 10 CONF-GR/97/78, p. 6; CONF-GR/111/78, Annex I, p. 1.
- 11 CONF-GR/97/78, p. 7; CONF-GR/111/78, Annex I, p. 2.
- 12 CONF-GR/3/78, p. 2; CONF-GR/10/78, p. 2; CONF-GR/29/78, pp. 4-5; MEMO-GR/18/78, pp. 5-6. See also Pesmazoglou, Hellada kai Eurôpaikê Koinotêta, pp. 163-64.
- 13 CONF-GR/34/78, p. 3; CONF-GR/35/78, p. 3; CONF-GR/108/78, p. 4; CONF-GR/110/78, p. 3; CONF-GR/111/78, Annex I, p. 2.

- 14 See, for example, Mitsos et al., Proschôrêsê stis Eurôpaïkes Koinotêtes, pp. 60-61; Ioannides, "Negotiating for Greek Accession," pp. 41-42, 74-75; and Pesmazoglou, Hellada kai Eurôpaïkê Koinotêta, pp. 202-3.
- 15 CONF-GR/97/78, p. 7; CONF-GR/111/78, Annex I, p. 2; Act of Accession, art. 130.
- 16 CONF-GR/97/78, p. 7; CONF-GR/108/78, p. 4; CONF-GR/110/78, p. 3; CONF-GR/111/78, Annex I, p. 2.
- 17 This point was emphasized during the domestic debate on the terms of entry that were concluded. See, for example, Pesmazoglou, Hellada kai Eurôpaïkê Koinotêta, p. 205.
- 18 Act of Accession, art. 130, par. 2. The 24-hour limit applied only to agriculture; in all other cases, the Commission would have to decide within five working days. See also CONF-GR/97/78, p. 7; MEMO-GR/18/78, pp. 5-6; CONF-GR/111/78, Annex I, pp. 2-3.
- 19 Details concerning this point are noted by Ioannides, "Negotiating for Greek Accession," pp. 42-43.
- 20 CONF-GR/6/76, p. 5; CONF-GR/2/76, p. 5.
- 21 CONF-GR/2/76, p. 5.
- 22 MEMO-GR/11/77, p. 3; CONF-GR/83/78, p. 1. In a similar manner, Greece was also to be represented as an observer in Community negotiations of transitional and adjustment protocols with preferential countries, and in Community negotiations with certain nonpreferential countries for the adaptation or adjustment of their agreements following Greek accession. See CONF-GR/29/79, Annex, pp. 30-31; Final Act, in 1979 Documents of Accession, p. 191. This point is further discussed in chapter V with respect to the Community preferential agreements.
- 23 CONF-GR/30/78, Annex I, p. 16; CONF-GR/32/78, p. 5; CONF-GR/87/78, p. 1. Cf. the 1972 Final Act, chap.3.
- 24 CONF-GR/30/78, Annex I, p. 16; CONF-GR/88/78, p. 1.
- 25 It also includes a provision relating to the exchange of information between the Community and Greece in the field of nuclear energy (Act of Accession, protocol 6). See CONF-GR/29/79, p. 31; Final Act, in 1979 Documents of Accession, p. 192.
- 26 CONF-GR/29/79, Annex, pp. 29-30; Final Act, in 1979 Documents of Accession, p. 191. Consultations were also envisaged to take place between Greece and the

Commission during the interim period in the case of certain liberalization or relaxation measures relating to capital movements whose application was deferred. See CONF-GR/29/79, Annex, p. 31; Final Act, in 1979 Documents of Accession, p. 192; Act of Accession, art. 49, par. 2.

- 27 CONF-GR/29/79, Annex, p. 30; Final Act, in 1979 Documents of Accession, p. 191.
- 28 CONF-GR/29/79, Annex, p. 30; Final Act, in 1979 Documents of Accession, p. 191.
- 29 CONF-GR/82/78, p. 3; CONF-GR/83/78, p. 2.
- 30 For details concerning the Irish position see G. Fitzgerald, "A Community of Twelve? The Opportunities and Risks of Enlargement," in Community of Twelve, ed. Wallace and Herreman, pp. 12-13.
- 31 The existence of these two factors was in fact the starting point in the formulation of the Greek institutional proposals. See CONF-GR/39/77, p. 5.
- 32 A rather special problem, distinct from the discussion that follows, involved the religious community of Mount Athos in Greece. Its special status, guaranteed by article 105 of the Greek Constitution, was recognized by the Community which, in a joint declaration inserted in the Final Act, stated that this status would be taken into account in the formulation and application of Community laws, especially as they relate to customs franchise privileges, tax exemptions, and the right of establishment. See CONF-GR/30/77, pp. 17-18; CONF-GR/35/77, p. 3; CONF-GR/17/79, p. 1 & Addendum 1; CONF-GR/24/79, Annex I, pp. 71, 75; Final Act, in 1979 Documents of Accession, p. 186.
- 33 CONF-GR/44/77, p. 2; CONF-GR/82/78, pp. 5-6; CONF-GR/83/78, p. 2.
- 34 CONF-GR/44/77, pp. 2-3; CONF-GR/82/78, pp. 5-6; CONF-GR/83/78, p. 2. The minimum number of member states casting a favourable vote remained the same as prior to Greece's accession.
- 35 CONF-GR/44/77, p. 3; CONF-GR/82/78, pp. 5-6; CONF-GR/83/78, p. 2. This corresponded to an amendment of article 95, par. 4, of the ECSC Treaty.
- 36 CONF-GR/83/78, p. 2; CONF-GR/87/78, p. 3. The corresponding amendment related to article 2 of the Treaty establishing a single Council and a single Commission of the European Communities.

- 37 The Greek tone "◌̑" (spiritus asper) is transliterated by the Latin "H". Obviously, now that the tones are eliminated from the official language by law, the technical problem of transliteration would not have existed today; but the dilemma which the historical usage of the word "Hellas" poses would probably be as valid now as it was at the time of the accession negotiations.
- 38 CONF-GR/44/77, p. 3; CONF-GR/82/78, p. 6.
- 39 CONF-GR/44/77, p. 2; CONF-GR/82/78, pp. 3-4; CONF-GR/83/78, p. 2.
- 40 CONF-GR/82/78, p. 4; CONF-GR/83/78, p. 2.
- 41 CONF-GR/29/79, Annex, p. 1.
- 42 Ibid. It is worth noting that the European Parliament was critical of the arrangements which allowed for nominated Greek members to join an assembly of directly elected members. See EP, Blumenfeld Report, pp. 9-11.
- 43 CONF-GR/44/77, p. 3; CONF-GR/82/78, p. 6; CONF-GR/83/78, p. 3; Act of Accession, art. 135, par. 1.
- 44 CONF-GR/82/78, p. 6; CONF-GR/83/78, p. 3; Act of Accession, art. 16.
- 45 CONF-GR/82/78, p. 7; CONF-GR/83/78, p. 3.
- 46 CONF-GR/44/77, p. 3; CONF-GR/82/78, p. 7.
- 47 CONF-GR/82/78, p. 7; CONF-GR/87/78, p. 2; CONF-GR/88/78, p. 1.
- 48 CONF-GR/82/78, p. 7; CONF-GR/87/78, p. 2; CONF-GR/88/78, p. 1. The Greek delegation had initially requested six seats, two for each category of representatives. This was not accepted by the Community on the grounds that it would give rise to internal difficulties, since it would entail either the use of different criteria for Greece or a complete review of the existing criteria. See CONF-GR/44/77, p. 4; CONF-GR/83/78, p. 3; CONF-GR/87/78, p. 2; CONF-GR/88/78, p. 1.
- 49 CONF-GR/82/78, p. 8; Act of Accession, art. 139. The Greek delegation had attempted unsuccessfully to secure two seats in an enlarged Committee of twenty-nine members. See CONF-GR/44/77, p. 4; CONF-GR/83/78, p. 4.

- 50 CONF-GR/44/77, p. 4; CONF-GR/82/78, p. 8;  
CONF-GR/83/78, p. 4.
- 51 CONF-GR/82/78, p. 9; CONF-GR/83/78, p. 4.
- 52 CONF-GR/44/77, p. 4; CONF-GR/82/78, p. 9;  
CONF-GR/83/78, p. 4; CONF-GR/29/79, Annex, p. 2.  
The Community was not particularly keen in increasing  
the number of alternates of the Board of Directors,  
its preference being for a small Board; however,  
its initial reservations were overcome, and the Greek  
request for an additional alternate was accepted.  
See CONF-GR/82/78, p. 9.
- 53 CONF-GR/44/77, p. 4; CONF-GR/82/78, p. 10;  
CONF-GR/83/78, p. 4.
- 54 The size of the Audit Committee (three members)  
was not increased, Greek representation being ensured  
by means of a rota system. The Management Committee,  
on the other hand, was supplemented by increasing  
the number of Bank Vice-Presidents from four to  
five, the new Vice-Presidency to be allocated in  
rotation among the member states not previously repre-  
sented on the Management Committee. See CONF-GR/82/78,  
p. 10; CONF-GR/83/78, p. 4; CONF-GR/29/79, Annex, p. 2.
- 55 This issue is more appropriately examined under the  
present institutional heading, as it falls outside  
the scope of the Community budget.
- 56 CONF-GR/24/79, Annex I, pp. 42-45; Act of Accession,  
protocol 1. Under the Bank's Statute, the amount  
of Greece's capital share would have to be adjusted  
if the value of the drachma changes in relation to  
the u.a., the adjustment being proportional to this  
change.
- 57 CONF-GR/24/79, Annex I, p. 46.
- 58 Ibid., Annex I, p. 41.
- 59 CONF-GR/82/78, pp. 11-13; CONF-GR/83/78, p. 4. The  
regulations relating to the staff of the European  
Communities required certain substantive adjustments;  
they were to be made through the adoption of new  
Council Regulations following Greek accession. See  
CONF-GR/36/78, p. 4; CONF-GR/46/78, pp. 1-2.
- 60 CONF-GR/57/77, p. 4; CONF-GR/46/78, pp. 1-2;  
CONF-GR/82/78, pp. 13-15; CONF-GR/83/78, p. 4. Two  
cases were distinguished. (1) Committees whose compo-  
sition is connected to the number of member states:  
their relevant provisions required technical adjust-  
ments to allow for Greek representation. (See

CONF-GR/57/77, p. 4; CONF-GR/46/78, pp. 1-2; Act of Accession, art. 142, par. 1. These committees are listed in the Act of Accession, annex IX.)

(2) Committees whose composition is not connected to the number of member states: technical adjustments were not necessary in their case, Greek participation being ensured by a full renewal of their members upon accession. (See CONF-GR/57/77, p. 4; CONF-GR/36/78, p. 2; CONF-GR/46/78, pp. 1-2; Act of Accession, art. 142, par. 2. These committees are listed in the Act of Accession, annex X.) These arrangements are the same as those adopted in the previous enlargement; cf. the 1972 Act of Accession, art. 148.

- 61 CONF-GR/82/78, p. 16; CONF-GR/83/78, p. 4. A Council Regulation provided for special editions of the Official Journal of the European Communities in English and Danish containing all Community acts in force at the time of the previous enlargement. A similar Regulation had to be adopted by the Council for a special Greek edition, the text of which would be authentic, like the texts drawn up in the other six Community languages. See CONF-GR/82/78, pp. 15-16; CONF-GR/83/78, p. 4.
- 62 CONF-GR/82/78, p. 16; CONF-GR/83/78, p. 4. The required amendments related to Greek participation in the capital of the Agency and to the allocation of seats on the Advisory Committee of the Agency. See CONF-GR/82/78, pp. 16-19; CONF-GR/83/78, p. 4.
- 63 CONF-GR/15/77, p. 2.
- 64 Ibid., p. 3; CONF-GR/104/78, pp. 3-4.
- 65 CONF-GR/15/77, p. 3; CONF-GR/75/78, p. 1; CONF-GR/104/78, pp. 3-4.
- 66 CONF-GR/15/77, p. 3; CONF-GR/75/78, p. 1; CONF-GR/104/78, pp. 3-4; MEMO-GR/1/79, p. 2.
- 67 CONF-GR/6/76, p. 11; CONF-GR/15/77, p. 1; MEMO-GR/1/79, pp. 1-2.
- 68 CONF-GR/54/77, p. 9.
- 69 CONF-GR/6/76, p. 11; MEMO-GR/1/77, pp. 13-15. Greece's proposed transitional pattern of payments was 40%, 50%, 60%, 70%, and 80% of her total contribution for the first, second, third, fourth, and fifth years after accession, respectively. In the case that she would not be obliged to contribute the VAT rate or its GNP equivalent, the pattern of payments from agricultural levies and customs duties would involve higher percentages--45%, 55%, 65%, and 75% for the first, second, third, and fourth years after accession,



respectively. (Following the Community rules, the latter pattern would apply if the uniform basis for assessing VAT had not been implemented in at least three member states, and if VAT had not been introduced in Greece. According to the Greek proposal, a change of these initial conditions would result in a switch from the latter pattern to the former.) See MEMO-GR/1/77, pp. 13-14. The proposed additional system of brakes was withdrawn in the face of the Community's objection that it was not consistent with the Community integral system of own resources. See CONF-GR/15/77, p. 3; CONF-GR/75/78, p. 2.

- 70 CONF-GR/104/78, p. 4; MEMO-GR/1/79, p. 2.
- 71 CONF-GR/15/77, p. 4; CONF-GR/75/78, p. 1.
- 72 CONF-GR/15/77, p. 4; CONF-GR/75/78, p. 1. A specific issue was raised by the Greek delegation in connection with maize; though initially presented in the context of the agricultural negotiations, it was agreed to deal with it (together with certain issues connected with tobacco) under the present dossier owing to its essentially budgetary nature. The Greek request was for a special transitional system for the progressive payment into the Community budget of the revenue accruing from the levies on imported maize. This proved, however, a rather feeble attempt to ease Greece's budgetary burden; it was withdrawn in the last stage of the negotiations, within the final compromise resolving all outstanding budgetary issues. See MEMO-GR/19/78, p. 16; CONF-GR/110/78, pp. 2,6; CONF-GR/111/78, Annex II, p. 3; CONF-GR/14/79, pp. 1-2; MEMO-GR/1/79, p. 9; CONF-GR/24/79, Annex I, p. 15.
- 73 CONF-GR/24/79, Annex I, pp. 15-16.
- 74 CONF-GR/15/77, p. 4; CONF-GR/75/78, p. 1.
- 75 CONF-GR/15/77, p. 4; CONF-GR/75/78, p. 1; CONF-GR/104/78, p. 6; CONF-GR/24/79, Annex I, p. 14; Act of Accession, art. 126.
- 76 MEMO-GR/1/77, p. 14.
- 77 CONF-GR/15/77, p. 5.
- 78 Ibid.; CONF-GR/75/78, p. 2; CONF-GR/104/78, p. 7. This meant that Greece would have to apply the relevant Community secondary legislation by the end of the transitional period. For details regarding the temporary derogations and transitional measures granted to Greece in this respect see MEMO-GR/1/77, p. 14; CONF-GR/75/78, p. 2; MEMO-GR/15/78, pp. 1-2;

- CONF-GR/91/78; CONF-GR/104/78, pp. 8-9; CONF-GR/17/79, p. 1 & Addendum 1; CONF-GR/24/79, Annex I, pp. 73-75, 77; Act of Accession, art. 145 & annexes VIII, XII.
- 79 CONF-GR/15/77, p. 5; CONF-GR/75/78, p. 2; CONF-GR/104/78, p. 7.
- 80 CONF-GR/75/78, p. 2; MEMO-GR/1/79, p. 7.
- 81 CONF-GR/75/78, p. 2; MEMO-GR/1/79, p. 7; CONF-GR/24/79, Annex I, p. 17. Before agreeing to this pattern of refunds, the Greek delegation had proposed a different transitory mechanism, involving the progressive payment of the VAT contribution as follows: 5%, 25%, 45%, 70%, 100%. See MEMO-GR/1/79, p. 9.
- 82 Ibid., p. 8.
- 83 Ibid., pp. 8, 10. As in table 1, the estimates refer only to the 'Commission' section of the overall budget. For certain preliminary estimates made prior to those recorded in table 3 see CONF-GR/101/78, p. 6.
- 84 See Commission, General Considerations on Enlargement, p. 5, and Economic and Sectoral Aspects, pp. 68-85, 92-101. For a concise discussion of these and other calculations see Tsoukalis, European Community and Mediterranean Enlargement, pp. 230-31. This estimate assumed a maximum level of contributions on the part of Greece. With contributions to own resources staggered during the transitional period, the net transfer would be greater and the above figure would have to be adjusted accordingly.
- 85 CONF-GR/100/78, pp. 2-3.
- 86 Mitsos et al., Proschôrêsê stis Eurôpaïkes Koinotêtes, p. 368; Ritson, "Impact on Agriculture," p. 105.
- 87 Tsoukalis, European Community and Mediterranean Enlargement, pp. 230-31.
- 88 Jenkins' proposal was presented to the Council of Foreign Ministers on 18 October 1977. See, for example, Michael Hornsby's report in the Times, 19 October 1977, and Guy de Jonquieres' report in the Financial Times of the same date.
- 89 For details on this proposal see Deubner, "Southern Enlargement," p. 238.
- 90 MEMO-GR/1/79, p. 8. Although the magnitudes involved were relatively small, the arrangements for Greece's financial participation in ECSC funds and levies

should also be noted briefly in this context. With respect to the ECSC reserves, Greece's contribution was fixed at 3 million EUA, payable in three equal annual installments, free of interest, and commencing on 1 January 1981. To arrive at this figure, the Community took into account the scale of Greek production of ECSC products in comparison with the corresponding current Community production, as well as the current volume and future trend of Community reserve funds. With respect to the levy payable from accession on coal & steel production, as laid down in articles 49-50 of the ECSC Treaty, it was agreed to follow the arrangements of the relevant Community rules. See CONF-GR/25/77, p. 3; CONF-GR/58/77, p. 3; CONF-GR/28/78, p. 6; CONF-GR/29/78, p. 6; CONF-GR/34/78, p. 3; CONF-GR/42/78, p. 4.

91 CONF-GR/24/79, Annex I, pp. 11-12.

## CHAPTER IV

### CUSTOMS UNION AND FREE MOVEMENT OF GOODS IN THE INDUSTRIAL SECTOR

#### A. General Considerations

The detailed analysis of the vertical negotiation sectors begins with the industrial customs union, since it was the first dossier to be opened and the first to enter the substantive phase of the negotiations; and as such it inevitably brought on the surface wider issues that transcended its subject matter.

Although the two parties decided to begin the negotiations with this field, their motives for so doing differed. For the Community it was an obvious first choice since it makes up the core of the Treaty of Rome.<sup>1</sup> From Greece's point of view, made explicit from the formal opening of the negotiations, it was to serve as the point of departure of her effort to establish the *acquis d'association* as a precedent in the accession negotiations, since more progress had been made in the customs union than in any other field covered by the Association Agreement; given this precedent, the process of integration in the field of customs union envisaged in the Agreement was to be considered a minimum condition within the transitional arrangements of accession.<sup>2</sup>

The Community hastened to establish a substantially different position, which was to remain more or less unaltered throughout the negotiations. According to it, Greece's accession involved a wholly new legal framework for her commitments, qualitatively different from that of her association; hence, any transitional measures should be considered on their own merits, in the light of existing economic circumstances and not simply as extensions of the association's provisions.<sup>3</sup> As the negotiations progressed, Greece softened her reaction to this position--a move which, as already seen, coincided with changes in the Greek negotiating team at deputy level and with a more accommodating approach to the negotiations. The Greek side did reiterate on various occasions that the negotiations were not conducted in a legal vacuum; that work towards accession had already begun with association; that the *acquis d'association* should not be ignored. But such statements gradually came to be seen as efforts to set Greece apart from the other applicant countries, and thus avoid globalization of the negotiations, rather than as attempts to salvage specific association provisions within accession arrangements.<sup>4</sup> Chapter VIII takes up this issue beyond the confines of the customs-union dossier and examines the ways in which the Association Agreement interacted with the accession negotiations as a whole and the ways in which disagreements on this matter complicated their conduct. Quite apart from such considerations, both sides agreed that certain technical problems outstanding

under the association--i.e., problems that had arisen from its hitherto functioning--should be solved within the institutional framework of the association before the end of the accession negotiations; in practice, however, some of them surfaced, and were resolved, in the context of the accession negotiations.<sup>5</sup>

As the substantive stage of the negotiations approached, the propelling role of the customs-union dossier (in contrast to the pivotal role of agriculture) became even more evident. In fact, the Community insisted, for reasons explained in chapter II, that it should be the first dossier to enter the substantive stage of the negotiations even though more progress had been made elsewhere.<sup>6</sup>

Before analyzing in detail the present field, it is worth noting certain general points agreed upon by both sides on which the specific negotiations were based: (1) while transitional measures (to be kept as simple as possible) would be necessary for the elimination of tariff obstacles, nontariff obstacles should be abolished upon accession but without precluding the possibility of certain specific exceptions within the time constraint of the above transitional measures;<sup>7</sup> (2) the Act of Accession should include a mutual safeguard mechanism to provide for any difficulties that might arise during the transitional period with respect to customs union;<sup>8</sup> (3) the customs-union and external-relations dossiers should be treated separately; (4) ECSC products, agricultural products, and processed agricultural products

should be discussed under their respective headings rather than under the present dossier.<sup>9</sup> (The customs-union and ECSC dossiers were negotiated separately until a later stage when the principle of parallelism for many of their transitional arrangements was accepted, leading to identical or similar solutions.)

One point that failed to be established early in the discussions was the duration of the transitional period for the completion of customs union. From the opening of the negotiations Greece had repeatedly requested a five-year period.<sup>10</sup> The Community, however, argued that this question could not be considered independently of the general transitional period and of the specific transitional periods to be envisaged in the other sectors: it was necessary to progress in the other sectors as well, so as to consider it in the context of the negotiations as a whole.<sup>11</sup> As noted in chapter II, this proved a recurrent theme in the negotiations, to the resentment of the Greek delegation, which saw the Community's evasive attitude on this important issue as a delay tactic.<sup>12</sup> The specific transitional arrangements finally agreed are discussed below.

#### B. Elimination of Intra-Community Customs Duties<sup>13</sup>

The issues negotiated under this heading fall into two categories: (1) the specific transitional arrangements to be followed for the removal of the residual import duties applied by Greece vis-à-vis the Community on products

subject to a twenty-two-year transitional period under the Association Agreement (known as the "twenty-two-year list")<sup>14</sup>; (2) the transitional adjustments to be followed for the products of certain Greek industries, which were created after the coming into force of the Agreement and granted additional protection (beyond the twelve-year transitional period) in the form of tariffs on goods similar to those produced by them (these products were covered by article 18 of the Agreement and formed the "article-18 list"), together with the extension of this tariff regime to the accession transitional period and the possibility of taking into account in this respect certain new Greek industries.

According to the initial Greek position, the removal of residual import duties on the twenty-two-year list should be in accordance with the association timetable, allowing for the possibility of shortening it, if necessary, so as to align it to the accession transitional period, if the end of the latter were to fall before the end of the association's transitional period.<sup>15</sup>

The Community, on the other hand, did not limit the issue to a discussion of the transitional arrangements to be followed but questioned the very content of the list, which the Greek delegation had assumed would be automatically subject in its entirety to transitional arrangements in the context of accession. According to the Community position, the products to be subject to transitional arrangements should be chosen from the list



on the basis of economic criteria and in the light of economic developments subsequent to the initial establishment of the list.<sup>16</sup> However, revision of the twenty-two-year list was unacceptable to the Greek delegation, since it meant tampering with the only provisions that had functioned properly during the troubled history of the association.<sup>17</sup> It was finally agreed that the residual customs duties of all industrial products on the list, without any deletion, would be abolished progressively during the accession transitional period.<sup>18</sup>

While the Greek delegation had maintained its initial position on the content of the twenty-two-year list, it modified it with respect to the timetable for tariff dismantling: it was no longer asking for the transitory arrangements envisaged under the Association Agreement but for equal annual reductions of the residual customs duties over a five-year transitional period.<sup>19</sup> This change of position probably reflected Greece's re-orientation of her overall approach towards the association patrimony. But it also indicated a more realistic assessment, as the negotiations progressed, of the projected time of accession. Having decided that the rate of tariff dismantling should be smooth and even,<sup>20</sup> both sides finally agreed on the following points: (1) the transitional period for the progressive abolition of residual import duties applied by Greece towards the rest of the Community would be five years;<sup>21</sup> (2) deviating slightly from the principle of smooth and even reductions, the first two

intra-Community tariff reductions from the basic duty would be 10% each (to occur on 1 January 1981 and 1 January 1982), followed by four reductions of 20% each (to be made on 1 January 1983, 1984, 1985, and 1986), with full abolition of intra-Community tariffs to be thus completed on 1 January 1986.<sup>22</sup>

On the question of products already covered by article 18 of the Association Agreement, the Greek delegation's request was for the abolition of their residual duties in accordance with the provisions of the Agreement.<sup>23</sup> The Community adopted in this case the same position as for the twenty-two-year list, including the reexamination of the contents of the list itself.<sup>24</sup> In the compromise finally reached, the special timetables of the existing article-18 list would be replaced with the general timetable for the dismantling of residual customs duties as applied in respect of the twenty-two-year list.<sup>25</sup>

Greece also requested the partial extension of the article-18 regime to cover certain new industries for a five-year transitional period following accession through the introduction of new customs duties or the increase of existing ones by up to 20%--the intention being to use this facility sparingly.<sup>26</sup> The Community remained firmly opposed to such an option, regarding it as being incompatible with customs union and with the principles of transitional arrangements.<sup>27</sup> Greece finally withdrew this request but expressed the hope (hinting perhaps at the importance she attached to her industrial-aid system)

that "the special needs of . . . [her] industrial development will be taken into account within the framework of the Community's regional policy."<sup>28</sup>

Turning now to the question of basic duties to which the successive reductions were to be applied, Greece's initial position derived from her initial position on the timetable to be followed for the removal of residual import duties and amounted to the retainment at the time of accession of the basic duties which were applicable under the Association Agreement.<sup>29</sup> The Community, however, in line with its position on the timetable, was determined to fix new basic duties both for intra-Community tariff reductions and for the alignment with the Common Customs Tariff (CCT).<sup>30</sup> Agreement was reached on this point as well as on the provision that their level should be the level actually applied by Greece for each product at a given date (to be either 1 January or 1 July, following Community practice) during the year prior to entry into force of the Treaty of Accession.<sup>31</sup> The reference date for basic duties was to be the same in all the relevant sectors of the negotiations, equally applicable as reference date for the abolition by the Community of customs duties on imports from Greece.<sup>32</sup> When towards the end of the negotiations the Community delegation proposed that 1 January 1981 be taken as the probable date of accession and hence the starting date for the application of the transitional measures for industrial customs union, it also suggested that the relevant

reference date for the basic duties should be 1 July 1980.<sup>33</sup> In line with its general position on the matter, the Greek delegation had reservations on these dates, proposing instead 1 July 1980 as the date of accession<sup>34</sup> and 1 July 1979 as the reference date for basic duties.<sup>35</sup> The Conference of Deputies finally settled for 1 July 1980 as the relevant reference date, but agreement was slightly complicated by the question of the accession date.<sup>36</sup> This was finally resolved when the Conference of Ministers decided on 3 April 1979 that the date of entry into force of the instruments of accession would be 1 January 1981.<sup>37</sup>

#### C. Alignment on the Common Customs Tariff (CCT)

Basing its position on the principle of parallelism between the rate of abolition of Greek duties towards the Community and the rate of alignment of Greek duties on the CCT (which pertains to the Community's external trade with third countries), the Community maintained that alignment on the CCT should progress in a smooth and even manner by means of reductions at regular intervals in the differences between the Greek basic rates of duty and the CCT rates; and that the transitional period should be the same as in the abolition of residual customs duties towards the Community so that both regimes are fully applied by the same date.<sup>38</sup> The Greek delegation yielded its agreement on the above points,<sup>39</sup> no longer insisting on its initial view that alignment on the CCT should follow the association's timetable.<sup>40</sup>

Following article 20 (paragraph 3) of the Association Agreement, Greece also asked for the possibility of suspending alignment on the CCT for a small number of sensitive products, thereby allowing their import duties at levels higher than those of the CCT for a period up to five years after the end of the five-year transitional period.<sup>41</sup> However, with the Community objecting to such an arrangement, the Greek delegation withdrew its special request and adjusted its position accordingly, finally agreeing that Greece would progressively align her customs duties on the CCT by the end of the transitional period and with respect to all industrial EEC products.<sup>42</sup> Based on a five-year transitional period, the following timetable emerged from these negotiations: the first two annual alignments of Greek customs duties on the CCT would be 10% each,<sup>43</sup> to be effected on 1 January 1981 and 1 January 1982; the remaining four reductions of 20% each would be made on 1 January 1983, 1984, 1985, and 1986, with the CCT thus fully applied on 1 January 1986.<sup>44</sup> Furthermore, from 1 January 1982, in those cases where the basic duties do not diverge from the corresponding CCT duties by more than 15% in either direction, the CCT duties would be applied automatically.<sup>45</sup>

A related problem that had to be tackled concerned Community suspensions of CCT duties. In the agreement finally reached, a basic distinction was made between products for which Greek rates would be fully aligned on the CCT upon accession and products in process of CCT

alignment on the basis of the accession timetable: in the first case, Greece would apply any Community tariff suspensions in full upon accession; in the second case, she would apply national duties, adjusted to the suspended duties following the accession timetable. Greece would also have the right, upon accession, to submit requests for autonomous Community tariff suspensions on the basis of article 28 of the Treaty of Rome; but she would no longer be able to apply unilaterally her own tariff suspensions.<sup>46</sup>

An additional point that was considered and easily agreed upon was the possibility of accelerating both the abolition of intra-Community duties and the introduction of the CCT and the ECSC unified tariff. But this provision was based on two conditions: (1) on no account would the intra-Community residual duty for a given product be higher than that applied to third countries;<sup>47</sup> and (2) Community preference should be maintained by a Council decision on a proposal by the Commission.<sup>48</sup>

#### D. Elimination of Quantitative Restrictions

The general principle in this field was that quantitative restrictions between the Community and Greece must be abolished from accession.<sup>49</sup> The Community was, nevertheless, prepared to examine on a case-by-case basis Greek requests for transitional quantitative restrictions on imports.<sup>50</sup> But before examining such requests and making concrete proposals, the Community insisted on prior agreement on the following conditions and specific principles:

(1) no restrictions should be placed on products already liberalized; (2) the quotas to be agreed should be expressed in terms of volume and not of value; (3) the size of the quotas to be opened by Greece in the first year after accession would have to be considerably larger than the corresponding ones during the last year of association; (4) there should be a progressive and substantial increase of quotas from one year to the next, until full liberalization is achieved by the end of the transitional period; (5) if during two consecutive years the imports of a non-liberalized Greek product have been less than 90% of the quota opened, Greece should abolish the quota in line with article 33 (paragraph 4) of the Treaty of Rome.<sup>51</sup>

The Greek delegation, which had already made known to the Community its specific requests for transitional quantitative restrictions, agreed on a product-by-product procedure and on the above conditions and principles (but with the qualification, which was accepted by the Community, that quotas could be expressed in terms of value if it proved impossible, for technical reasons, to express them in terms of volume).<sup>52</sup>

Although Greece had initially requested the retainment, within the transitional period, of all the quantitative restrictions on imports from the Community that were allowed under the Association Agreement,<sup>53</sup> in a subsequent reformulation of her position she reduced significantly the number of products for which she was requesting quantitative restrictions and proposed a transitional

period of five years.<sup>54</sup> In the view of the Greek delegation, the proposed quantitative restrictions would constitute a minimum protection for certain sensitive sectors of Greek industry.<sup>55</sup> It was finally agreed that Greece could apply after accession, as a transitional measure, quantitative restrictions vis-à-vis the rest of the Community on fourteen out of the seventeen products contained in her proposals--namely, fertilizers (three headings), central-heating boilers, parts for cement ovens, television sets & parts, cables for television aerials; and certain steam boilers, motors, pumps, weighing machines, electric motors, buses & minibuses, and vehicle bodies.<sup>56</sup> The Community could not accept quantitative restrictions on (1) heading ex 85.21 (cathode-ray tubes for television sets), because this product was already fully liberalized (it was in fact the only such product in the Greek list); and on (2) headings ex 73.15 and 73.18 (wire and steel tubes), because of the critical situation in the Community steel industry.<sup>57</sup>

In calculating its proposed quotas for 1981, the Community employed the following criteria: the association quota levels and the corresponding arrangements for their increase, the impact of inflation, actual trade patterns, and the move from association to accession (involving, as the Community held consistently during the negotiations, a qualitative change).<sup>58</sup> After looking behind these criteria for a closer examination of the exact Community method of calculating the proposed quotas,<sup>59</sup> the Greek



delegation accepted all of them.<sup>60</sup> And with the establishment of a five-year transitional period for their progressive abolition, agreement was also reached on the following schedule (although Greece had argued in favour of a different one with a lower rate of annual increase of the quotas): (1) quotas expressed in value would be increased by 25% per annum, each increase being added to the quota and the following increase being calculated on the total figure thus obtained; (2) quotas expressed in volume would be increased by 20% per annum, applying the same method of calculation as above; (3) for quotas expressed both in volume and value, the volume quota would be increased by 20% and the value quota by 25% per annum, the quotas for each subsequent year being calculated on the basis of the preceding quota plus the increase.<sup>61</sup>

#### E. Abolition of Measures Having Equivalent Effect to Quantitative Restrictions

Deriving from the general principle agreed, the central point in this field was that measures having equivalent effect to quantitative restrictions should be abolished upon accession, with allowance for the possibility of certain specific transitional exceptions. On the basis of the Community's definition of such measures (covering "any regulations likely to hinder intra-Community trade, whether directly or indirectly, now or potentially"<sup>62</sup>), the following Greek measures were considered by the Community as falling into this category: (1) the system of validating bills, the systems of licences, and

price regulations; (2) the cash-payments and import-deposit systems; (3) public purchasing; and (4) exclusive import, export, and marketing rights.<sup>63</sup>

# 1. The System of Validating Bills, the Systems of Licences, and Price Regulations

With respect to the system of validating bills, Greece's argument in support of its maintenance was that, being a system of monitoring import and export prices, it aimed at preventing overpricing on invoices for imports and underpricing on invoices for exports.<sup>64</sup> The Community, however, wanted this system to be abolished, since it involved a procedure to which only imported goods were subject, domestic goods being exempted.<sup>65</sup>

On the question of import and export licences, Greece proposed to keep them in a modified regime (so as to eliminate upon accession any administrative barriers to trade)--except for the system of automatic licences granted by banks, used for monitoring statistics, which she wanted to maintain in its existing form.<sup>66</sup> The Community insisted, however, that they should all be abolished upon accession.<sup>67</sup>

The Community also insisted on the abolition of price regulations to the extent that they restricted trade with the member states--particularly in those cases where prices were fixed at such a level so as to discourage the importation of a product by making it unprofitable.<sup>68</sup>

Greece partly yielded to the Community positions, agreeing to revise the existing systems so as to eliminate

by the time of accession what the Community considered obstacles to free trade.<sup>69</sup> Later on, however, in a move to have another request accepted, she agreed to abolish upon accession without any transitional measures (in accordance with articles 30-34 of the Treaty of Rome) the system of authenticating bills, the systems of "all licences granted" and statistical licences, and price regulations.<sup>70</sup>

## 2. The Systems of Cash Payments and Import Deposits

According to the initial Community position, Greece's system of cash payments should be abolished upon accession as being discriminatory against imported goods, since credit to Greek wholesalers was available from domestic producers but not from foreign suppliers.<sup>71</sup> On the other hand, although in principle the system of import deposits should also be abolished upon accession, the Community did not exclude measures that might have to be taken, should such abolition lead to monetary difficulties; but even in this case the Community reserved the right to determine, on the basis of detailed information, whether the measures practiced by Greece represented in fact the best means of overcoming such difficulties.<sup>72</sup>

Greece emphasized from the beginning the inter-relatedness of the two systems, since she employed both as tools of monetary and credit policy.<sup>73</sup> Although she was prepared to gradually abolish the import-deposit system following the timetable of tariff reductions,<sup>74</sup>

she did not regard cash payments as a measure of equivalent effect to quantitative restrictions, since locally produced goods were subject to similar measures of credit policy.<sup>75</sup> At a later stage in the negotiations, however, she adopted the same position with respect to both systems and requested their progressive abolition over a five-year transitional period.<sup>76</sup> Reiterating that the two systems were incompatible with the *acquis communautaire*, the Community could not accept such a long transitional period for their abolition but was nevertheless willing to agree to a compromise solution and accept a much shorter transitional period: the import-deposit system would be abolished during the first year after accession, the deposit rates existing on the date of accession being reduced to zero in four quarterly stages; the cash-payments system would be retained during the first year after accession and abolished during the second year in the same manner as import deposits above.<sup>77</sup> Greece argued that this was contrary to the Community's recognition that the problems facing Greek industry needed progressive adjustments; she could therefore not accept such a short transitional period, which would leave no room for the practical benefits of progressivity.<sup>78</sup> In her view, these measures had taken a role subsidiary to duties, providing certain protection to some branches of industry, and should therefore be given the same transitional arrangements as in the case of duties, i.e. a five-year transitional period.<sup>79</sup>

With the Greek delegation following a rather strong bargaining line on these issues, the Community's subsequent

offer for a two-year transitional period for both systems, and a readiness to be flexible on the timetable for their abolition, proved unsuccessful.<sup>80</sup> In the final compromise, it was agreed that they would be progressively abolished over a three-year period following accession.<sup>81</sup> The technical arrangements for their abolition provided for the reduction to zero of the levels of the two systems in four 25% installments--on the date of accession and at the beginning of the second, third, and fourth years successively.<sup>82</sup> These provisions were to hold equally for the progressive abolition of the two systems as applied by Greece to imports of EEC industrial products from third countries as well as to imports of ECSC products from the Community and third countries.<sup>83</sup>

### 3. Public Purchasing

At the outset of the negotiations Greece wanted to treat public purchasing as a point to be examined in the light of the technical discussions of Community secondary legislation; the Community, on the other hand, stressed that this point involved acceptance of article 30 of the Treaty of Rome, prohibiting any provisions or practices which give preference to national industries in public purchasing, and therefore had to be examined in the present context.<sup>84</sup> The system in question was the 8% general-preference system: when undertakings established in Greece entered into competition with foreign tenderers, they were granted a general preference of 8% regardless of their location within Greece, i.e. they were awarded

a contract if their bid did not exceed by more than 8% the lowest bid by a foreign tenderer. This system was to be distinguished, as the Community delegation emphasized, from the system of regional preferences in the case of bids open only to domestic tenderers; according to the latter (which was to be dealt with under a separate heading), a regional preference of 7% was granted to undertakings located more than 50 km from Athens, increased to 10.5% when the tenderer was based in the islands.<sup>85</sup> With respect to the 8% system, the Community delegation realized that its immediate abolition could affect adversely certain sectors of the Greek economy dependent on public purchasing; it therefore made the proposal, which was finally accepted by the Greek side, that the system be progressively abolished within a five-year transitional period according to the timetable for the elimination of residual customs duties.<sup>86</sup>

Quite apart from the question of the preference systems existing in Greece, two further issues were also involved in the present context: the coordination of national procedures for the award of public supply contracts (Directive 77/62/EEC); and the question of approved lists of suppliers (which is not covered in the above Directive but falls under the provisions of article 30 of the Treaty of Rome). Although the Community delegation drew a distinction between the two issues and would have preferred to have the first one discussed separately during the examination of Community secondary legislation,<sup>87</sup> the

Greek delegation brought both issues together in the negotiations. This move may have complicated somewhat the relevant discussions but it did help emphasize Greece's view that the opening of approved lists in some sectors had to be combined with internal administrative adaptations to Community law and practices.<sup>88</sup>

On the first issue, the Greek delegation argued that adoption of the relevant Directive would require substantial administrative and legal adjustments and accordingly requested a five-year transitional period for its application.<sup>89</sup> The request was later reduced to three years, but final agreement gave Greece only a two-year transitional period.<sup>90</sup> On the question of approved lists, the Community argued that they should be open to Community suppliers upon accession under criteria for selection comparable to those applied to national suppliers, whereas Greece maintained that this should be delayed for three years.<sup>91</sup> In the final agreement reached, the opening up of Greek lists of approved suppliers to Community suppliers was to be delayed for two years from the date of accession.<sup>92</sup> A point that was underlined in the negotiations was that these two temporary derogations were quite distinct from one another--referring, as seen, to secondary Community legislation and to article 30 of the Treaty of Rome, respectively.<sup>93</sup>

#### 4. Exclusive Import, Export, and Marketing Rights

With respect to exclusive rights of monopolies to import, the two sides agreed that, for products subject to

such rights, gradual adaptation would be technically possible in the form of import quotas, along the lines of article 44 of the 1972 Act of Accession.<sup>94</sup> The Community, however, reserved the right to ask for the immediate abolition upon accession of such rights for certain monopolies if found incompatible with the *acquis communautaire*.<sup>95</sup> On the basis of this principle, the Greek delegation submitted a list of goods subject to monopoly and special trading arrangements at home; this was then examined during the negotiations to determine which products were compatible with the *acquis communautaire* and which had to be abolished, either immediately or within a transitional period.<sup>96</sup>

As the list showed, and was later confirmed in the negotiations, Greece was in effect requesting transitional measures with respect to exclusive import rights for fertilizers, salt, matches, playing cards, and refined petroleum products (including lamp oil).<sup>97</sup> Of these products, fertilizers were also included in the list for which Greece was requesting transitional quotas; it was accordingly agreed that in their case, transitional arrangements for the abolition of exclusive import rights would be made in the context of abolition of their quantitative restrictions, provided that the products in question were produced in Greece and that the quotas to be agreed would be open to all importers in Greece without being subject to exclusive marketing rights. Thus, the agreed quotas in the case of fertilizers also constituted



transitional measures for the abolition of exclusive import rights.<sup>98</sup> For the other products, liberalization was to involve transitional measures in the form of import quotas to be opened upon accession and increased annually over a five-year transitional period, provided that these quotas would be open to any importer in Greece and be free from exclusive marketing rights.<sup>99</sup>

Of the remaining products submitted, Greece was allowed to retain after accession her import systems with respect to emery, cigarette papers, and sulphur, since they did not constitute an exclusive right and were found to be compatible with article 37 of the Treaty of Rome; but she would have to abolish from the date of accession exclusive rights on imports of copper sulphate, saccharin, and flimsy paper.<sup>100</sup> And since transitional measures could be considered only in cases specifically requested by Greece, the *acquis communautaire* was fully applicable from the date of accession in the case of all products with exclusive rights for which no such request was made;<sup>101</sup> accordingly, all exclusive export rights would be abolished from accession,<sup>102</sup> together with all exclusive marketing rights.<sup>103</sup>

As the negotiations on this issue drew to a close, the two sides agreed to incorporate the principles of article 37 of the Treaty of Rome, as interpreted by the European Court of Justice, in an article of the Act of Accession (similar to article 44 of the 1972 Act) which would emphasize the reciprocity of obligations between

the Community and Greece in this field but would also include a reference to those exclusive rights to be abolished by Greece upon accession.<sup>104</sup>

F. A Common Theme: The Protection  
of Greek Industry

Considering the record of the negotiations in the industrial sector as a whole, the protection of Greek industry emerges as a common theme which underlies the general thinking of both sides and helps explain the motivations behind weak and strong bargaining lines.

The fact that, owing to the implementation of the Association Agreement, approximately two-thirds of the Community's industrial exports to Greece had been duty-free since 1 November 1974 revealed very little about the competitiveness of Greek industry since most of these products were not produced in Greece. Furthermore, Greece had managed in the past to counterbalance to a large extent the gradual reduction in tariff protection with an increase in non-tariff protection. This meant that during the industrial negotiations the main concern on both sides was not so much the elimination of Greece's residual import duties vis-à-vis the Community (EEC import duties on Greek products had been eliminated since 1 July 1968) as the abolition of quantitative restrictions and measures having equivalent effect; it was the latter that were primarily responsible for the often substantial, relative to Community levels, protection of Greek industry. The application of Community rules left little room for Greece's

retaining this protection. Hence, the emphasis in the negotiations was on the working out of adequate and mutually acceptable measures that would ease the transition to a more liberal and competitive regime.

To be properly assessed, these issues which pertain to intra-Community trade should be seen in connection with the negotiations in the field of external commercial relations (examined in chapter V): Greece's adoption of the Community's preferential agreements and generalized-preferences scheme, quite apart from her alignment on the CCT, would further expose Greek industry to competitive forces both in domestic and Community markets. Two additional factors were also bound to have a cumulative effect in this direction: the alignment of the Greek system of industrial incentives with the Community rules of state aids and the adoption of the Community social policy, especially the legislation relating to the status of workers.

The above factors assume an even greater significance when seen in the context of the persistent structural problems of Greek industry (made more pronounced by the unfavourable economic environment of the seventies)--the relatively small size of the average firm, the limited degree of vertical integration, the serious regional imbalances, and the functional inadequacies of the credit system.

It is not always possible to discern, on the basis of the available evidence, the extent to which these

considerations influenced the detailed thinking of the two parties with respect to specific negotiation issues. But they do form the backdrop against which negotiating attitudes in the present and related sectors may be interpreted and assessed in general terms. It seems reasonable to conclude that on the whole both delegations held a rather optimistic view of the ability of Greek industry to adapt to the new environment within which it would have to operate after accession; hence, the expected loss of protection, though important in determining the pattern of the transitional arrangements concluded, did not give rise to any serious negotiating complications.<sup>105</sup>

## NOTES

- 1 Even though the Community had stated that in giving priority to the customs union dossier it was following the Greek delegation's wish, its later stand on the timing of the substantive negotiations revealed that customs union was also its own top priority in the negotiations. See CONF-GR/9/76, p. 4; CONF-GR/69/77, p. 1; CONF-GR/70/77, p. 1.
- 2 CONF-GR/6/76, p. 4.
- 3 CONF-GR/9/76, p. 2.
- 4 CONF-GR/12/77, p. 7; MEMO-GR/7/77, pp. 9-10.
- 5 For details regarding these issues see MEMO-GR/2/76, p. 3; CONF-GR/9/76, pp. 10-11; CONF-GR/2/77, pp. 2, 5; CONF-GR/12/77, pp. 2, 6; CONF-GR/45/77, p. 5; CONF-GR/2/78, pp. 4, 9; CONF-GR/3/78, pp. 3, 5; CONF-GR/4/78, Annex I, pp. 3, 8; CONF-GR/6/78, p. 6; CONF-GR/7/78, p. 6; CONF-GR/10/78, Annex I, p. 2; CONF-GR/56/78, p. 2; CONF-GR/68/78, p. 2; CONF-GR/70/78; CONF-GR/78/78, p. 5; MEMO-GR/16/78; CONF-GR/4/79; CONF-GR/5/79; Act of Accession, art. 25, par. 2 & protocol 3.
- 6 CONF-GR/69/77, p. 1; CONF-GR/70/77, p. 1.
- 7 CONF-GR/2/78, pp. 1, 3; CONF-GR/4/78, Annex I, p. 1 & Corrigendum 1.
- 8 CONF-GR/2/78, p. 2; CONF-GR/4/78, Annex I, p. 2 & Corrigendum 1. Before finally agreeing on this point, the Greek delegation had certain reservations; they are examined in chapter III above, in connection with the debate on the general reciprocal safeguard mechanism. A similar safeguard mechanism was also established in the ECSC negotiations (see CONF-GR/28/78, p. 5; CONF-GR/29/78, p. 4; CONF-GR/30/78, Annex I, p. 18).
- 9 CONF-GR/9/76, p. 4; CONF-GR/2/78, p. 3; CONF-GR/3/78, p. 2.
- 10 CONF-GR/6/76, p. 7; CONF-GR/20/77, p. 4; CONF-GR/3/78, pp. 1-2.
- 11 CONF-GR/9/76, p. 3; CONF-GR/55/77, pp. 3-4; CONF-GR/2/78, p. 2.
- 12 CONF-GR/3/78, p. 1.
- 13 The analysis that follows refers only to customs duties but applies equally to charges having equivalent effect to customs duties. It is also limited

to imports: Greek export duties were to be abolished, together with charges of equivalent effect, from the date of accession. See MEMO-GR/2/76, p. 5; MEMO-GR/1/77, p. 4; CONF-GR/2/79, p. 8; CONF-GR/3/79, p. 3; Act of Accession, art. 30.

- 14 They are listed in annex I of the Agreement.
- 15 MEMO-GR/2/76, p. 2.
- 16 CONF-GR/9/76, p. 6; CONF-GR/2/77, p. 2.
- 17 CONF-GR/12/77, p. 8.
- 18 CONF-GR/2/78, p. 5; CONF-GR/4/78, Annex I, p. 4.
- 19 CONF-GR/12/77, p. 8; MEMO-GR/7/77, p. 3; CONF-GR/3/78, pp. 3-4.
- 20 MEMO-GR/7/77, p. 3; CONF-GR/2/78, p. 5; CONF-GR/4/78, Annex I, p. 4.
- 21 CONF-GR/97/78, p. 8; CONF-GR/111/78, Annex I, p. 4.
- 22 CONF-GR/2/79, p. 5 & Annex; CONF-GR/3/79, p. 2; Act of Accession, art. 25, par. 1. See also *ibid.*, arts. 27-29, for certain related provisions.
- 23 MEMO-GR/2/76, p. 3; CONF-GR/12/77, pp. 5-6; MEMO-GR/7/77, p. 7.
- 24 CONF-GR/9/76, p. 7.
- 25 CONF-GR/2/78, p. 6; CONF-GR/3/78, p. 4; CONF-GR/4/78, Annex I, p. 5.
- 26 MEMO-GR/2/76, p. 3; CONF-GR/12/77, p. 6; MEMO-GR/7/77, p. 7.
- 27 CONF-GR/9/76, p. 7; CONF-GR/2/78, p. 6.
- 28 CONF-GR/3/78, p. 4. See also CONF-GR/4/78, Annex I, p. 5.
- 29 On this point see CONF-GR/2/77, p. 3.
- 30 *Ibid.*
- 31 MEMO-GR/7/77, p. 4; CONF-GR/2/78, p. 4; CONF-GR/4/78, Annex I, p. 3.
- 32 CONF-GR/2/78, p. 4; CONF-GR/3/78, p. 3; CONF-GR/4/78, Annex I, p. 3.
- 33 CONF-GR/2/79, p. 3.

- 34 The Greek delegation also held this reservation in other related instances where the question of the date of accession arose. See *ibid.*, p. 14; CONF-GR/3/79, p. 5; CONF-GR/18/79, Annex I, p. 8; CONF-GR/23/79, p. 2.
- 35 CONF-GR/3/79, p. 1.
- 36 See CONF-GR/18/79, Annex I, p. 1, and statement by the Greek delegation in CONF-GR/23/79, p. 2.
- 37 CONF-GR/24/79, p. 2.
- 38 CONF-GR/9/76, p. 6; CONF-GR/2/78, pp. 7-8.
- 39 CONF-GR/3/78, pp. 4-5; CONF-GR/4/78, Annex I, p. 6.
- 40 MEMO-GR/2/76, p. 2.
- 41 *Ibid.*
- 42 CONF-GR/9/76, pp. 9-10; CONF-GR/2/77, p. 4; CONF-GR/20/77, p. 4; MEMO-GR/7/77, p. 4; CONF-GR/2/78, p. 8; CONF-GR/3/78, pp. 4-5; CONF-GR/4/78, Annex I, p. 6.
- 43 I.e., the Greek duty would be such so as to reduce by 10% the difference between the basic duty and the duty in the CCT.
- 44 CONF-GR/2/79, p. 5 & Annex; CONF-GR/3/79, p. 2; Act of Accession, art. 31.
- 45 CONF-GR/2/79, p. 6; CONF-GR/3/79, p. 3; Act of Accession, art. 31; cf. the 1972 Act of Accession, art. 39. It is not clear from the negotiation documents when final agreement was reached on this point; it nevertheless extended to the case of ECSC unified-tariff duties.
- 46 MEMO-GR/2/76, p. 5; CONF-GR/9/76, pp. 9-10; CONF-GR/2/77, pp. 4, 6; MEMO-GR/7/77, pp. 4-6; CONF-GR/12/77, pp. 3-5; CONF-GR/2/78, pp. 7, 9; CONF-GR/3/78, p. 5; CONF-GR/4/78, Annex I, pp. 6, 8 & Corrigendum 1; CONF-GR/2/79, p. 8; CONF-GR/3/79, p. 3; Act of Accession, art. 33, par. 2. The question of Greece's application of Community tariff suspensions was also resolved in connection with ECSC products. See CONF-GR/25/77, p. 5; CONF-GR/58/77, p. 5; CONF-GR/28/78, pp. 11-12; CONF-GR/29/78, p. 9.
- 47 See Act of Accession, art. 117, par. 2. This condition was to hold always, independently of acceleration.
- 48 CONF-GR/2/79, p. 6; CONF-GR/3/79, p. 2; Act of Accession, arts. 26, 34.

- 49 CONF-GR/9/76, p. 7; CONF-GR/2/77, p. 7; CONF-GR/11/77, pp. 2-3; CONF-GR/2/78, p. 10. This was to apply equally to quantitative restrictions on imports and exports. The discussion that follows concentrates on imports, since Greek quantitative restrictions on exports existed only for certain agricultural products and for scrap iron. Quantitative restrictions with respect to third countries were dealt with under external relations. The arrangements with respect to ferrous scrap (negotiated under the ECSC chapter) were an exception to the general rule for the immediate abolition, as from accession, of quantitative restrictions between the Community and Greece--an exception quite separate from those listed in annex III of the Act of Accession. According to the terms agreed, the Community and Greece could retain restrictions between them on imports of waste and scrap metal of iron and steel (CCT heading no. 73.03) for a two-year transitional period, provided that such arrangements were not more restrictive than those applied to third-country exports. (See CONF-GR/17/77, p. 5; CONF-GR/25/77, p. 9; CONF-GR/58/77, p. 8; CONF-GR/28/78, pp. 14-15; CONF-GR/29/78, p. 10; CONF-GR/34/78, pp. 5-6; CONF-GR/24/79, Annex I, p. 36; Act of Accession, art. 37. It should be noted that the above provisions are similar to those of the previous enlargement; cf. the 1972 Act of Accession, art. 43.)
- 50 CONF-GR/2/78, p. 10.
- 51 CONF-GR/2/78, pp. 10-11; CONF-GR/8/78, pp. 2-3.
- 52 CONF-GR/3/78, p. 6; CONF-GR/8/78, p. 2; CONF-GR/9/78, pp. 2-3; CONF-GR/10/78, Annex I, p. 6; Act of Accession, arts. 35, 36 (pars. 1, 2, 4). Before finally agreeing on principle (5), the Greek delegation had attempted unsuccessfully to reduce the threshold import level to 80% (see CONF-GR/3/78, p. 6; CONF-GR/8/78, p. 3; CONF-GR/9/78, pp. 2-3).
- 53 MEMO-GR/2/76, p. 2; MEMO-GR/1/77, p. 2; CONF-GR/12/77, p. 5.
- 54 MEMO-GR/8/77, p. 3 & Annex I; MEMO-GR/2/78, table supplementing Annex I of MEMO-GR/8/77; CONF-GR/2/78, p. 10; MEMO-GR/3/78, table (incorporating the tables in Annex I of MEMO-GR/8/77 and in MEMO-GR/2/78) & aide mémoire. (The tables include related statistics for each product.)
- 55 MEMO-GR/1/77, p. 2; MEMO-GR/8/77, p. 3; aide mémoire in MEMO-GR/3/78.



- 56 CONF-GR/8/78, p. 1; CONF-GR/21/78, Annex I, p. 1. These products are listed in CONF-GR/21/78, Annex III, and annex III of the Act of Accession.
- 57 CONF-GR/8/78, p. 2; CONF-GR/9/78, pp. 1-2; CONF-GR/21/78, Annex I, p. 1. For Greece's detailed arguments in support of her position with respect to the two steel products see aide mémoire in MEMO-GR/3/78. The product numbers refer to CCT heading numbers (the same applies throughout the thesis).
- 58 CONF-GR/52/78, p. 2 & Annex.
- 59 CONF-GR/53/78, pp. 1-2; CONF-GR/93/78, p. 1. For the initial Greek position on the method of determining the level of the 1981 quotas see MEMO-GR/8/77, p. 4; CONF-GR/9/78, pp. 2-3.
- 60 CONF-GR/93/78, pp. 2-4; CONF-GR/2/79, pp. 9-11; CONF-R/3/79, p. 4; CONF-GR/18/79, Annex I, p. 7; CONF-GR/24/79, Annex I, p. 18. Agreement on certain quotas was reached following an exchange of technical counterproposals; these quotas concerned television sets and parts (with separate quotas), certain buses and minibuses, and weighing machines. All the agreed quotas for 1981 are included in annex III of the Act of Accession. Only fertilizers are expressed by volume; in the case of television sets and certain buses and minibuses, the relevant quotas are based on a volume as well as a maximum-value calculation; the remaining quotas in the list are expressed in value. See CONF-GR/52/78, p. 2; CONF-GR/93/78, pp. 2-3.
- 61 MEMO-GR/8/77, p. 4; CONF-GR/97/78, p. 8; CONF-GR/111/78, Annex I, p. 4; CONF-GR/2/79, p. 11; CONF-GR/3/79, p. 5; CONF-GR/24/79, Annex I, p. 18; Act of Accession, art. 36, pars. 1-3. While agreeing on this schedule, the Conference of Ministers allowed nevertheless for an exception: in the case of certain buses and minibuses the schedule was to follow the Greek proposals and involve a lower rate of quota increases. See CONF-GR/3/79, p. 5; CONF-GR/24/79, Annex I, p. 18; Act of Accession, art. 36, par. 3.
- 62 CONF-GR/2/77, p. 7.
- 63 Ibid., pp. 7-10. See also CONF-GR/29/77, p. 6; CONF-GR/45/77, p. 5; CONF-GR/6/78, p. 10.
- 64 MEMO-GR/2/76, p. 3.
- 65 CONF-GR/9/76, p. 8; CONF-GR/2/77, p. 8.
- 66 MEMO-GR/2/76, p. 3.
- 67 CONF-GR/9/76, pp. 7-8; CONF-GR/2/77, p. 8.

- 68 CONF-GR/9/76, p. 8; CONF-GR/2/77, p. 8.
- 69 CONF-GR/12/77, pp. 3-4.
- 70 MEMO-GR/7/77, p. 8; CONF-GR/2/78, p. 17; CONF-GR/4/78, Annex I, p. 9. Agreement was reached following, and in connection with, a request for a five-year transitional period in the case of public contracts.
- 71 CONF-GR/9/76, p. 8; CONF-GR/2/77, p. 9.
- 72 CONF-GR/9/76, p. 8; CONF-GR/2/77, pp. 9-10; CONF-GR/11/77, p. 4.
- 73 CONF-GR/12/77, p. 6.
- 74 In the initial formulation of the Greek position, the gradual abolition of the import-deposit system was to follow the timetable of protocol 11 of the Association Agreement; to this was added subsequently the possibility of accelerating it during the five-year transitional period following accession. See MEMO-GR/2/76, p. 3; MEMO-GR/1/77, p. 3.
- 75 CONF-GR/12/77, p. 6. See also CONF-GR/29/77, p. 6.
- 76 MEMO-GR/8/77, p. 8.
- 77 CONF-GR/2/78, p. 13; CONF-GR/8/78, p. 3.
- 78 CONF-GR/3/78, p. 8; CONF-GR/9/78, pp. 3-4.
- 79 CONF-GR/3/78, p. 8; CONF-GR/9/78, p. 4.
- 80 CONF-GR/14/78, p. 1; CONF-GR/15/78, p. 1.
- 81 CONF-GR/21/78, Annex I, p. 1; Act of Accession, art. 38.
- 82 CONF-GR/52/78, p. 4; CONF-GR/53/78, p. 2; Act of Accession, art. 38.
- 83 CONF-GR/26/78, p. 15; CONF-GR/27/78, p. 11; CONF-GR/28/78, pp. 13-14; CONF-GR/29/78, p. 9; CONF-GR/52/78, pp. 3-4; CONF-GR/53/78, p. 2. Greece's previously held positions with respect to her imports of EEC industrial products from member states were meant to apply also in the case of imports from third countries. See MEMO-GR/1/77, p. 3; MEMO-GR/8/77, p. 8.
- 84 MEMO-GR/2/76, p. 4; MEMO-GR/1/77, p. 3; CONF-GR/2/77, p. 9; CONF-GR/4/77, p. 1; CONF-GR/2/78, p. 16.
- 85 CONF-GR/14/78, pp. 6-7; CONF-GR/15/78, p. 4. The Greek delegation had initially attempted to establish

that the 8% general preference should actually be seen as a regionally differentiated state aid to Greek industry and should thus be examined under the heading of state aids and regional policy. See CONF-GR/9/78, pp. 4-5.

- 86 CONF-GR/9/76, p. 9; CONF-GR/2/78, p. 16; CONF-GR/14/78, p. 7; CONF-GR/15/78, p. 4; CONF-GR/97/78, p. 8; CONF-GR/111/78, Annex I, p. 4; Act of Accession, art. 39. The Community had originally proposed that regional preferences be similarly abolished over a transitional period; but in a subsequent statement this proposal was withdrawn. See CONF-GR/2/78, p. 16; CONF-GR/14/78, p. 7.
- 87 CONF-GR/14/78, pp. 7-8.
- 88 CONF-GR/15/78, pp. 4-5.
- 89 MEMO-GR/7/77, pp. 7-8.
- 90 CONF-GR/9/78, p. 5; CONF-GR/15/78, p. 4; CONF-GR/23/78, p. 3; CONF-GR/24/78, p. 2.
- 91 CONF-GR/2/78, p. 16; CONF-GR/9/78, p. 6.
- 92 CONF-GR/23/78, p. 3; CONF-GR/24/78, p. 2; Act of Accession, art. 39.
- 93 CONF-GR/23/78, p. 3; CONF-GR/24/78, p. 2. Cf. CONF-GR/15/78, p. 4.
- 94 CONF-GR/9/76, p. 9; MEMO-GR/1/77, p. 3; CONF-GR/4/77, p. 2; CONF-GR/16/77, p. 5; MEMO-GR/7/77, p. 8; MEMO-GR/8/77, p. 7; CONF-GR/2/78, p. 13.
- 95 CONF-GR/9/76, p. 9.
- 96 For details on the Greek list and the corresponding initial proposals by the Greek delegation see MEMO-GR/1/78; CONF-GR/2/78, p. 15.
- 97 It was agreed not to have a separate import quota for lamp oil but to include it in a general quota for refined petroleum products. See CONF-GR/14/78, p. 3; CONF-GR/15/78, p. 1.
- 98 This applied only to fertilizers falling within CCT headings 31.02, 31.03, and 31.05 A.I,II,IV, i.e. to those types for which Greece was requesting quantitative restrictions; the exclusive import rights on all other types of fertilizer were to be abolished upon accession. See MEMO-GR/1/78, p. 4 & Annex; CONF-GR/2/78, p. 14; CONF-GR/14/78, pp. 2, 4; CONF-GR/15/78, pp. 1-3; Act of Accession, art. 36, par. 5.

- 99 MEMO-GR/1/78, pp. 3-5 & Annex; CONF-GR/2/78, p. 14; CONF-GR/14/78, pp. 3, 5; CONF-GR/15/78, pp. 1-2; Act of Accession, art. 40, par. 1.
- 100 MEMO-GR/1/78, pp. 2-3, 5 & Annex; CONF-GR/14/78, pp. 4-5; CONF-GR/15/78, p. 3; CONF-GR/23/78, p. 1; Act of Accession, art. 40, par. 2.
- 101 CONF-GR/14/78, pp. 2-3; CONF-GR/15/78, pp. 1-2.
- 102 CONF-GR/14/78, p. 3; CONF-GR/24/78, p. 1; CONF-GR/30/78, Annex I, p. 1 & Corrigendum 1, p. 2; Act of Accession, art. 40, par. 2. Such rights existed in the case of fertilizers, refined petroleum products, saccharin, flimsy paper, and opium (see CONF-GR/14/78, p. 3; and CONF-GR/15/78, p. 2). An exception was made, however, in the case of opium, for which Greece was to retain exclusive export as well as import and marketing rights after accession. See MEMO-GR/1/78, pp. 1-2; CONF-GR/2/78, p. 15; CONF-GR/14/78, p. 5; CONF-GR/15/78, p. 2; CONF-GR/67/78, pp. 1-2; CONF-GR/71/78, p. 1; CONF-GR/2/79, p. 13; CONF-GR/3/79, p. 5.
- 103 CONF-GR/14/78, p. 3. They existed for all the products in the Greek list (in MEMO-GR/1/78) except crude petroleum (see CONF-GR/14/78, p. 3, and CONF-GR/15/78, p. 2). Seen in conjunction with the transitional arrangements agreed, such abolition meant that exclusive marketing rights could be retained during the transitional period for those quantities of the products under transitional measures for which restrictions would not have been lifted until the end of the transitional period (CONF-GR/15/78, p. 2; CONF-GR/23/78, p. 1). For certain qualifications in the case of crude petroleum see CONF-GR/15/78, p. 2, and CONF-GR/30/78, Annex I, p. 1.
- 104 Such a reference in the relevant article of the Act of Accession was a compromise between the initial Community proposal to have a special protocol on the adjustments to be made by Greece upon accession and the Greek position that article 44 of the 1972 Act of Accession would be adequate without any further provisions. See CONF-GR/3/78, pp. 8-9; CONF-GR/23/78, p. 2; CONF-GR/24/78, pp. 1-2; CONF-GR/30/78, Annex I, p. 2; CONF-GR/67/78, p. 2; CONF-GR/71/78, p. 1; Act of Accession, arts. 40, pars. 1-2.
- 105 On the question of the protection of Greek industry as it relates to Community membership see Yannopoulos, "Effects on Manufacturing Industries," pp. 53-56, and "Sensitivity of Industrial Sectors," pp. 84-87; Hassid, Hellênikê Biomêchania kai EOK, pp. 218-22;

Mitsos, "Hellada-EOK," pp. 40-41, "Industrial Sector," pp. 105-7, and "Hellênikê Biomêchania kai EOK," pp. 41-42; Mitsos et al., Proschôrêsê stis Eurôpaïkes Koinotêtes, pp. 133-42; and Katsos & Spanakês, Biomêchanikê Prostasia kai Entaxê.

## CHAPTER V

### EXTERNAL COMMERCIAL RELATIONS

#### A. Scope of the Negotiating Field and General Principles

As mentioned in the previous chapter, the initial negotiating positions of the Greek delegation in the field of external commercial relations were entangled with its positions in the field of customs union in the industrial sector. Though understandable, such an approach created in the beginning a certain confusion in a dossier admittedly heterogeneous in nature, vast in coverage, and technically complicated.<sup>1</sup> This was further aggravated by the fact that the initial position papers presented by the Greek delegation were rather clumsy in their conception and hazy in their argumentation. The situation improved as the Greek side, in formulating its negotiating positions, gradually adjusted the analytical framework of its papers to that of the Community's.

Following the pattern thus established, the arrangements to be concluded in the field of external commercial relations were linked to relevant provisions established in the field of customs union; in this manner, progress in the customs-union chapter was a prerequisite for progress in the field of external commercial relations.<sup>2</sup> Furthermore, on the question of the scope of the negotiating field, the chapter on external commercial relations

was to cover commercial policy between the Community and third countries in EEC industrial products, thereby leaving certain areas (such as trade covered by the ECSC Treaty and trade in fresh or processed agricultural products) to be more appropriately examined in the context of other negotiation chapters.<sup>3</sup>

On the question of transitional measures, the central theme established was that, though necessary, transitional measures in the field of external commercial relations should be kept simple in their conception; and, in the particular case of quantitative restrictions on imports, they should be envisaged only in exceptional cases.<sup>4</sup> Within this broad framework, agreement was reached on the following principles: (1) in the case of products with transitional measures in the customs-union chapter, transitional measures for a given product with respect to third countries must be at least as long as the transitional measures of the same type for the same product established in the customs-union dossier; (2) in cases where there are no transitional measures under customs union, the duration of such transitional measures with respect to third countries should be determined on the basis of their economic justification; (3) with respect to preferential agreements, the duration of transitional measures would have to be negotiated with the third countries concerned; (4) the duration of the various transitional measures need not be identical but should in principle be identical for all countries within a given

group (e.g. Maghreb countries) for a given transitional measure; (5) transitional measures for quantitative restrictions on imports should not be automatically extended throughout the overall period of application of transitional measures in the field of external commercial relations, unless justified and subject to "progressivity" (i.e., to a progressive schedule for their elimination); (6) before the end of the negotiations, a final date would have to be determined for Greece's full application of the present chapter.<sup>5</sup>

Agreement on these principles was reached without much difficulty, but the subsequent debate on concrete transitional arrangements proved complicated--though at times the difficulties encountered were a reflection of inefficient bargaining rather than of the complexity of the subject matter. A case in point concerns the Community's financial cooperation with third countries. Having agreed on the immediate application, upon accession, of the *acquis communautaire* with respect to certain related areas, Greece proceeded to question in a rather obscure manner the applicability to her case of the Community financial obligations relating to some of the existing Community agreements with third countries.<sup>6</sup> However, it became clear from the Community's reactions that Greece would be required to apply the *acquis communautaire* relating to this point immediately upon accession, unless transitional measures or adjustments were to be negotiated.<sup>7</sup> In the spirit of this position, the Greek delegation



specified that its request was not for permanent derogations but simply for transitional measures.<sup>8</sup> In this and other instances during the negotiations,<sup>9</sup> the Greek delegation argued that its requests related only to transitional measures and did not question the external-relations policy of the Community which was to be fully applied after expiry of the transitional period. Such statements added very little to the specific bargaining strength of the Greek side, since they related to one of the central principles already agreed in the opening of the accession negotiations and common to all negotiation chapters. It is interesting to note that at the same time that Greece was contemplating requests for such transitional measures she was effectively abandoning them by accepting that she would participate upon accession within the Community budget mechanisms in the financing towards third countries. In fact, without any further substantive negotiations, the Greek delegation fully accepted to apply from accession the *acquis communautaire* with respect to the financial cooperation between the Community and third countries.<sup>10</sup>

#### B. Quantitative Restrictions on Imports from Third Countries<sup>11</sup>

A central and delicate issue that had to be resolved under the present negotiation dossier was the determination of Greece's transitional arrangements with respect to her quantitative restrictions on imports from third countries; as noted, they were to apply only in

exceptional cases and under further limits regarding the period of their application. In the initial formulations of its negotiating position, the Greek delegation seemed to be suggesting that the Community regime of import arrangements to third countries would be applied by Greece only at the end of a five-year transitional period.<sup>12</sup> This position was later abandoned, with Greece agreeing in principle that the relevant *acquis communautaire* would apply upon accession, with transitional arrangements to be provided only in specific and limited cases of products and countries. A further basic condition that had to be satisfied by all transitional quantitative restrictions was that Greece should not grant more favourable treatment to third countries than to Community member states.<sup>13</sup>

Within this constrained framework, Greece submitted her requests for transitional quantitative restrictions, maintaining that her proposed measures would provide for a minimum protection of certain sensitive sectors of her economy which would be subjected to stiffer competition from third countries after accession, due to the latter's low production costs and the dismantling by Greece of tariffs and of indirect protection measures.<sup>14</sup>

In examining the present topic, three main cases are distinguished according to the group of countries involved and in line with the major divisions of the subject matter followed during the negotiations: non-preferential GATT countries, state-trading countries, and preferential countries. However, since most of the issues

raised during the negotiations in respect of the non-preferential GATT countries and the state-trading countries were resolved in a similar and parallel manner, it would be desirable to include both groups of countries under the same subheading, thereby eliminating unnecessary repetitions of negotiating points with an almost identical pattern of development and eventual solution.

The sections that follow examine the proposals for specific products (within categories of origin) for which Greece wanted to maintain quantitative restrictions during the transitional period, the Community counterproposals, the evolution of the respective negotiating positions, and the eventual compromises reached in the final agreement.

#### 1. Non-Preferential GATT Countries and State-Trading Countries

The basic Community position in this case was that Greece should apply from accession the common liberalization lists on imports from nonpreferential GATT countries and state-trading countries; a few exceptions, however, could be envisaged for certain very sensitive products contained in these lists for which Greece could be allowed to apply transitional measures. In this respect, adoption of the two common liberalization lists was to be coordinated so as to avoid Greece's granting more favourable transitional measures to state-trading countries than to nonpreferential GATT countries.<sup>15</sup>

While agreeing with the above position in principle (though its initial request was for the application of the Community liberalization schemes at the end of the five-year transitional period<sup>16</sup>), the Greek delegation linked its final acceptance with an agreement on its specific proposals for the application, over a five-year transitional period, of quantitative restrictions on certain sensitive products.<sup>17</sup> The Greek proposals were eventually broken down into four categories, according to the state of liberalization of the products involved: (a) products liberalized by the Community (i.e., products included in the common liberalization lists) and by Greece, or subject to an "all-licences-granted" (TLA) regime in Greece (i.e., a regime in which import licences are issued without quantitative restrictions); (b) products liberalized by the Community and restricted by Greece; (c) products not liberalized by the Community (i.e., not included in the common liberalization lists) but liberalized by Greece; (d) products not liberalized by either the Community or Greece.<sup>18</sup> As seen below, each category of products posed its own peculiar difficulties during the negotiations and called for different compromises and solutions.

a) Products liberalized by the Community and by Greece (or subject simply to a TLA regime in Greece)

Most of the products for which Greece requested transitional quotas for the application of the two common liberalization lists could be imported into Greece free of restrictions (tyres, wood & wood products, paper &

paperboard, leather footwear, tubes & pipes, screws & nuts, and furniture) or merely subject to automatic licensing (TLA). As on similar occasions in the course of the negotiations, the Community delegation stood firmly against such "deliberalization" (i.e., a retrograde move away from liberalized trade through the imposition of restrictions), regarding it as running counter to customs union and the basic principles of transitional arrangements.<sup>19</sup>

In opposing the Greek requests, the Community did not raise only its own principles but also those of GATT, to which the Greek requests concerning nonpreferential GATT countries would be (in the Community's view) difficult to justify.<sup>20</sup> The Greek delegation, on the other hand, maintained that GATT rules (article XVIII, in particular) did not exclude the introduction, before accession, of transitional quantitative restrictions on liberalized products towards GATT countries; in justifying to GATT such an action, the transitional nature of these restrictions would be emphasized, together with Greece's undertaking to make, through accession, a more effective and permanent contribution in the development of international commerce.<sup>21</sup>

As the negotiations progressed, the emphasis shifted from the technical aspects of the Greek position to problems of substance. And following an unsuccessful attempt for a compromise, whereby Greece would have limited to a minimum the number of products proposed for deliberalization,<sup>22</sup>

the Greek delegation conceded that the application of the specific GATT provision on which it had based its argument did not fall within the scope of the accession negotiations; in this manner it eventually accepted the application of the Community principle of nondeliberation, thereby abandoning in the present case its requests for transitional quantitative restrictions.<sup>23</sup>

Another issue that had to be clarified was the case of products liberalized by the Community and subject solely to a TLA regime in Greece. The Greek delegation argued that TLA products should not be placed together with liberalized products, since the former were included in the Greek lists of restricted products and the control thus exercised on their imports could be changed into quantitative restrictions.<sup>24</sup> Clearly, what the Greek delegation was in effect suggesting was the replacement, in a number of cases, of the TLA regime with transitional quota restrictions upon accession. This, however, was considered by the Community as being equivalent to deliberalization and could not therefore be accepted, as a matter of principle. Instead, it was agreed to follow the Community practice under GATT, whereby Greece would abolish upon accession the TLA regime,<sup>25</sup> with allowance for some exceptions with respect to specific products. In the agreement reached, which corresponded to acceptance of the Greek proposals, these products were silver, gold, and platinum; the transitional arrangements negotiated in their case included the condition that the Greek TLA system

was a genuine one, i.e. a regime employed only for statistical checks.<sup>26</sup>

b) Products liberalized by the Community and restricted by Greece

Having agreed that the transitional measures to be arrived at with respect to the Community common liberalization lists should not be more favourable to third countries than to the Community in its present composition, and that they should not be more favourable to state-trading countries than to nonpreferential GATT countries, it was decided to examine case by case the Greek requests falling under the present category on the basis of rules derived from the agreed principles on transitional measures and of certain rules relating to the determination of the basic quotas and the rate of liberalization.<sup>27</sup>

The Community finally agreed that Greece could retain transitional quantitative restrictions with respect to imports from nonpreferential GATT countries and state-trading countries on the products contained in the Greek proposals. These products were central-heating radiators, refrigerator cabinets, machines for working marble, band saws for working wood, and fountain pens & parts (restricted for both GATT and state-trade imports); tubes & pipes (restricted only for GATT imports); and fuel wood, roofing tiles, and central-heating boilers (restricted only for state-trade imports). But given the above principles, the agreement implied that Greece was granted in effect a larger number of temporary derogations from the application of the common liberalization lists.<sup>28</sup>

The next step in the agreement concerned the details for implementing these quantitative restrictions, following similar criteria as under the customs-union dossier:<sup>29</sup> (1) if, for a given restricted product, imports into Greece in two consecutive years are less than 90% of the annual quota, the existing quantitative restrictions should be abolished, assuming that the product has been liberalized vis-à-vis the Community; (2) volume quotas established in the customs-union chapter would also be expressed as volume quotas in the commercial-relations chapter; (3) value quotas in the customs-union chapter would also be expressed as value quotas in the commercial-relations chapter; (4) for products not subject to quotas in the customs-union chapter, their quotas in the commercial-relations chapter would be expressed in value for technical reasons; (5) for products already with Greek quotas vis-à-vis third countries, the same method of calculation would be used as that applied for the majority of quotas vis-à-vis the Community in the customs-union chapter; (6) in the case of products whose imports were completely banned in Greece, the basic quota would be fixed at 3% of the average Greek production during the period 1975-77;<sup>30</sup> (7) the overall amount of the quotas thus established would be broken down between the GATT countries and the state-trading countries in a 4:1 ratio;<sup>31</sup> (8) the basic global quota for state-trading countries thus established would subsequently be allocated on a country-by-country basis according to the existing *acquis communautaire*.



On the basis of the above rules, the Conference established the basic quotas for 1981,<sup>32</sup> while the rules for their increase remained identical to those agreed in the customs-union chapter, with full liberalization envisaged at the end of the five-year transitional period.<sup>33</sup>

c) Products not liberalized by the Community but liberalized by Greece

According to the Community position, the principle of nondeliberization that was established under the first subheading was to apply in this case as well, deriving from the same argumentation; in this respect, the member states (and hence Greece after accession) could resort to deliberalization vis-à-vis third countries only in cases of emergency and in accordance with the relevant *acquis communautaire*.<sup>34</sup>

The Greek delegation disagreed with this approach and asked for an exemption from this principle during the transitional period and for a minimum number of products falling under the present subheading (tyres, certain wood products, paper & paperboard, footwear, tubes & pipes, bolts & nuts, television cathode-ray tubes, furniture, and toys), arguing for the necessity of the temporary protection that such transitional measures would provide for Greece. Greece's proposals did not fare well on the negotiating table, despite efforts to show that, if they were rejected, Greece would find herself after accession following a broader liberalization than the Community. Agreement was finally reached on the Community position--

the implication being that the principle of nondeliberation was to apply with respect to products liberalized by Greece, regardless of their state of liberalization at Community level.<sup>35</sup>

d) Products not liberalized by either the Community or Greece

In the case of these products, the Greek requests were in effect hypothetical requests for transitional measures in the event that the products in question were liberalized by the Community and included in its common liberalization lists during the interim period.<sup>36</sup> In the Community's view, however, one could not envisage hypothetical transitional measures in the accession instruments; instead, should such cases arise, they could easily be handled within the consultations procedure of the interim period.<sup>37</sup>

Following modifications of the Greek position, agreement was finally reached on a simple arrangement: any additions to the common liberalization lists before the signature of the instruments of accession would be handled in the course of the negotiations; if, on the other hand, such additions were to be considered during the interim period, then Greece would handle them in the context of the consultations procedure.<sup>38</sup> It is thus seen that the submission of hypothetical lists was in effect an unnecessary and roundabout negotiating manoeuvre, which resulted in a simple and obvious arrangement that should have required no negotiation to start with.

A particular case under the present category was that of products not liberalized by the Community vis-à-vis nonpreferential GATT countries or state-trading countries and included in the list of fourteen products (noted in chapter IV above) for which Greece had been allowed, within the customs-union negotiations, to maintain transitional quantitative restrictions vis-à-vis the Community. These products were tubes & pipes, certain motors, certain electric motors & transformers, television sets & parts, cables for television aeri-als, certain buses & minibuses, and certain vehicle bodies. It was agreed that in their case, and for a five-year period, Greece should also maintain quantitative restrictions vis-à-vis these countries.<sup>39</sup> With respect to the quotas in question, there was no obligation for Greece to increase them during the transitional period or to liberalize them at the end of the period, unless in the meantime there was a change in the *acquis communautaire*; should, however, Greece want to do so, she would have to follow the agreed provisions as well as the relevant Community rules.<sup>40</sup>

## 2. Preferential Countries

There were two basic premises on which the negotiations on matters relating to the Community preferential agreements were based: (a) Greece should not give any advantage to preferential countries over the Community (this premise derived from a more general condition applying to all third countries for the maintenance of Community preference);<sup>41</sup> (b) the liberalization vis-à-vis preferential

partners should be at least as favourable to them as the general liberalization system vis-à-vis other third countries (in particular, transitional quantitative restrictions could not be envisaged for preferential partners with respect to products which would be free of such restrictions by Greece in its imports from other third countries after the date of accession).<sup>42</sup> It should be noted that these conditions did not apply only to matters relating to quantitative restrictions but were extended to apply to all transitional measures applicable to the preferential countries.<sup>43</sup> Thus, they are relevant not only for the present discussion, dealing with the specific question of quantitative restrictions as related to the Community preferential agreements, but also for the examination below of the broader aspects of the preferential agreements.

It was initially established that Greece should apply the provisions of the preferential agreements that relate to quantitative restrictions--without excluding, in principle, the possibility of establishing transitional arrangements.<sup>44</sup> Later on, by distinguishing between imports from preferential countries liberalized by Greece and imports restricted by Greece, the respective position of the two sides was differentiated accordingly.

#### a) Products liberalized by Greece

Raising once more questions of principle, the Community maintained that this category of products<sup>45</sup> could not be subject to quantitative restrictions, unless

such restrictions were already envisaged under the preferential agreements in question; any difficulties encountered by Greece due to liberalization should be handled through tariff regimes (i.e. through indicative ceilings or tariff quotas) and not by deliberalization.<sup>46</sup>

The Greek delegation disagreed with the above position, arguing that tariff regimes could not provide for adequate protection, all the more so given that many of the preferential countries were low-cost producers.<sup>47</sup> These reservations were finally left aside, and agreement was established on the above point subject to agreement on the products to be included under the tariff regimes.<sup>48</sup>

At this stage the Community delegation introduced a new element in its argument, linking its acceptance of the list of specific products for which Greece was requesting a transitional tariff regime<sup>49</sup> with Greece's acceptance of the Community position on the twelve-year-list products as related to the Community preferential agreements (the twelve-year list comprised products which, under the association provisions, were entering Greece duty-free from the Community, and aligned on the CCT from third countries). According to this Community position (which, together with the related issues that were raised, is examined in greater detail further below), Greece should apply, with respect to the twelve-year-list products, the tariff provisions of the Community's preferential agreements in full from the date of accession. This was an essential condition for the Community: without it,

she would not be in a position to negotiate the measures proposed by Greece with the preferential partners concerned. Subject to Greece's acceptance of this condition and a detailed examination of the economic justification of each specific case, the Community was prepared to accept the Greek proposals.<sup>50</sup>

While the Greek delegation had no objection to submitting its specific proposals to a detailed examination of their economic justification,<sup>51</sup> it initially disagreed with the establishment of the above link.<sup>52</sup> Eventually, however, the Community condition with respect to the twelve-year list was accepted,<sup>53</sup> leading thereby to acceptance of most of the Greek specific proposals with respect to tariff regimes vis-à-vis preferential countries; the products concerned were wood & wood products, paper & paperboard, electric wire, furniture, and toys.<sup>54</sup>

b) Products not liberalized by Greece

With respect to this category of products, it was agreed that all transitional quantitative restrictions vis-à-vis the Community, i.e. the fourteen-product list, were to be extended to apply, for an identical transitional period, vis-à-vis the Community preferential partners.<sup>55</sup> The Community also attempted to go beyond this principle and establish the additional constraint that transitional quantitative restrictions by Greece vis-à-vis preferential countries could be considered only for the above fourteen products.<sup>56</sup> Following objections by the Greek side, the

Community did not insist but was willing instead to examine whether, in exceptional cases, transitional quantitative restrictions could be proposed to certain preferential partners for specific products with existing restrictions by Greece vis-à-vis the third countries concerned, in addition to the fourteen products restricted vis-à-vis the rest of the Community.<sup>57</sup>

The above compromise was considered a positive step towards reaching an agreement on this issue.<sup>58</sup> However, the Greek proposals which were subsequently submitted to the Conference<sup>59</sup> were faced by the Community with the same conditional acceptance as the previous proposals with respect to products liberalized by Greece.<sup>60</sup> Thus, it was only after Greece had registered her acceptance of the Community position with respect to the twelve-year-list products that the Community agreed with Greece's retaining transitional quantitative restrictions for the three products contained in her proposals (certain tubes & pipes, refrigerator cabinets, and certain electric motors & transformers) in addition to the fourteen products with transitional restrictions vis-à-vis the rest of the Community.<sup>61</sup> These transitional measures would be in the form of import quotas; for each product, the negotiation of the relevant transition and adaptation protocols between the Community and the preferential countries concerned would have to establish the basic volume quota, the annual percentage increase, and the date for full liberalization.<sup>62</sup>

C. Measures Having Equivalent Effect  
to Quantitative Restrictions

Broadly considered, the issues raised on this subject and the agreements reached are largely extensions of the corresponding points examined under the customs-union chapter. With respect to import deposits and cash payments, in particular, the positions of the two sides and the agreement reached were the same as under the customs-union dossier.<sup>63</sup> The discussion that follows is accordingly limited to those negotiating points which applied specifically to third countries.

With respect to public purchasing, it was agreed that Greece would conform to the international Community obligations on third countries to emerge from the multilateral trade negotiations.<sup>64</sup> Making reference to similar transitional measures agreed under the customs-union chapter, the Greek delegation requested a two-year transitional period for the application of the relevant *acquis communautaire* but settled for a generally phrased agreement: the Community would offer a grace period for the implementation by Greece of the *acquis communautaire* to emerge.<sup>65</sup>

Finally, in the case of monopolies, given Greece's intention to abolish exclusive import rights in the same way as vis-à-vis the Community, it was agreed that if she were to abolish them progressively, she should do so in such a way as not to give third countries an effective preference over the Community during the transitional period.<sup>66</sup>



#### D. Community Preferential Agreements With Third Countries

A problem that had to be disentangled from the issues raised in connection with the Community preferential agreements concerned Greece's own trade relations with third countries. Even though the two issues were examined more or less concurrently, agreement on the Community's preferential system could not be easily reached if the issues connected with Greece's trade relations were not settled.

##### 1. Greece's Trade Relations

##### a) Preferences granted to Greece under Generalized-Preference Arrangements

Such preferences had been accorded to Greece by Austria and Switzerland (EFTA countries); and by Canada, New Zealand, Australia, and Japan. With respect to preferences accorded to Greece by Austria and Switzerland, Greece was prepared to adjust to the Community's bilateral agreements with them. With respect to the remaining countries, the Community maintained that Greece would not be able to enjoy after accession the preferences accorded by them, since they were not enjoyed by the other member states. This position was also accepted by the Greek side.<sup>67</sup> It is worth noting in this respect that whereas the EFTA group as a whole accounted for only 6.1% of Greece's total trade deficit in 1979, the corresponding share of the other countries (together with USA) was 21.3%-- the second highest next to the Community's. Japan, in

particular, appeared in Greek trade statistics with both the highest percentage country share in total Greek imports and one of the lowest shares in total exports (15.1% and 0.8%, respectively, in 1977 figures).<sup>68</sup>

b) Reciprocal preferences between Greece and some developing countries

The negotiations established that Greece should renounce these preferences in such a way so as to ensure that there was no time gap as she switched to the Community generalized-preferences scheme.<sup>69</sup>

c) Commercial agreements with state-trading countries

In the initial formulation of her position, Greece wanted to retain these agreements until their expiration or renunciation, reserving the right to renew those still in force at the time of accession for a three-year period after accession.<sup>70</sup> The reasoning behind this request was that Greek exports to state-trading countries were dominated by sensitive products (primarily agricultural ones) dependent on these markets; hence the need for a transitional period to reorient these exports without disturbing the Greek economy.<sup>71</sup> The Community, however, could not see the pertinence of this argument: while member states were in a similar situation, their trade with the state-trading countries was developing normally.<sup>72</sup> But quite apart from such reservations, the Community was in principle opposed to the Greek request, maintaining that Greece could not prolong these agreements for a transitional period but should instead ensure that they terminate upon accession.<sup>73</sup>

Greece's request for a prolongation of these agreements was eventually abandoned; and as the tentative date of accession was beginning to emerge, the Community position was accepted, given that none of these agreements expired later than 31 December 1980.<sup>74</sup> Although Greece's concession was largely the outcome of the constraints imposed by the *acquis communautaire*, a further consideration which contributed to her generally lukewarm approach in this respect was the declining relative importance of state-trading countries in Greece's foreign trade: their share in total Greek exports had fallen from 24.2% in 1966 to 14.7% in 1976.<sup>75</sup>

d) Commercial agreements with other third countries

Although initially Greece wanted to retain the right to extend existing or conclude new commercial agreements after accession,<sup>76</sup> in the agreement finally reached it became clear that she could not herself decide after accession whether to prolong existing or conclude new bilateral commercial agreements;<sup>77</sup> and if she should wish to conclude new agreements prior to accession, she had to ensure that a denunciation clause was included to take account of her future obligations as a member state.<sup>78</sup>

## 2. General Aspects of the Community Preferential Agreements<sup>79</sup>

Although a legal distinction could be made between "pure" Community agreements and "mixed" agreements, it was established that the same approach would be adopted for both of them in the negotiations. With respect to "pure"

Community agreements (i.e., those signed by the Community alone as in the case of the EFTA agreements), there was no need from a strictly legal point of view for any additional protocols: both Greece and the co-contracting parties should automatically apply the provisions of the respective agreements in the context of an enlarged Community from the date of Greece's accession; given, however, the changed circumstances, protocols could be negotiated to take account of necessary transitional measures and adjustments. In the case of "mixed" agreements (i.e., those signed jointly by the Community and its member states as in the case of the Lomé Convention), Greece should accede to them and apply them from the date of accession, though in this instance protocols were required and had to be negotiated to take account of transitional measures and adjustments.<sup>80</sup> Thus, Greece had to apply both categories of preferential agreements from accession but with allowance for transitional measures and adjustments in the form of protocols;<sup>81</sup> this implied in practice that such protocols should be concluded during the interim period.<sup>82</sup> Allowance was made, however, for an extension of the time constraint beyond accession, if the protocols could not be concluded within the prescribed time for reasons outside the control of the Community or Greece.<sup>83</sup> In any case, Greece would have to ensure that, as from the date of accession, other third countries are not granted more favourable treatment than the Community preferential or associated partners.<sup>84</sup>

Turning now to the procedure to be followed in negotiating these protocols, it was established that this would involve three successive stages: (a) during the accession negotiations the Commission would hold exploratory talks with the preferential countries;<sup>85</sup> (b) on the basis of the Commission recommendations, and before Greek accession, the Council should finalize the negotiating directives to the Commission, covering every aspect of the preferential agreements for which transitional measures were envisaged (at a later stage it would have to be determined whether the transitional measures proposed to each country were reasonably balanced); (c) negotiations proper between the Community and each of the countries concerned could then commence, culminating in the conclusion of protocols.<sup>86</sup>

Two related issues should be noted. The first one concerned Greece's status during the above procedures. In the Community's view, Greece would be associated with the internal work in the above stages, while Greek representatives would be present as observers during the negotiations with the third countries concerned.<sup>87</sup> The Greek side, however, although agreeing in all other respects, had objections with respect to the second stage, arguing that in so far as the Community's negotiating instructions to the Commission were concerned, there should be prior agreement between Greece and the Community.<sup>88</sup> These reservations were eventually abandoned, following the Community's firm stand on the principle that the consultations

procedure during the interim period could not question its "autonomy of decision making."<sup>89</sup>

The second issue related to the preferential Community agreements with Portugal and Spain. They were to be submitted to the same procedures that were established for the other preferential agreements; but after accession of the two candidates the agreements between them and the Community, together with the protocols providing for transitional measures between them and Greece, would cease to apply. On the other hand, special measures might have to be arranged between Greece and each of the two countries for a transitional period after their accession. Clearly, two different problems were involved and, as agreed, had to be kept separate: the transitional measures to be included in the respective protocols between each of the two countries and Greece to take account of the latter's accession should not in any way prejudice the transitional measures that may be necessary to adopt for Greece in order to take account of the accession of Portugal and Spain. As an extension of the above considerations, it was also decided that any transitional measures between Greece and the applicant countries relating to the period between the accession of the latter and the end of Greece's transitional period were to be settled in the context of the accession negotiations with each of these countries.<sup>90</sup>

### 3. Provisions with respect to Import Duties on Industrial Products

Following the examination of the general aspects of the Community preferential agreements, the analysis now

turns to the specific question of Greece's duties on industrial imports from countries with Community preferential agreements.<sup>91</sup>

In the initial formulations of its position, the Greek delegation made a distinction between its imports from EFTA countries on the one hand, and from Mediterranean and Lomé countries on the other, further distinguishing within each category between non-sensitive and sensitive products. (Included among the sensitive products were certain meat and fish imports, flowers, certain chemicals and plastics, tyres, leather goods, wood & wood products, paper & paperboard, textiles, and toys. Many of these product categories were listed as sensitive with respect to both EFTA and Mediterranean & Lomé imports--the main exception being agricultural products, whose sensitivity derived only from the latter but which were outside the negotiating scope of the commercial-relations chapter.) The essence of its position with respect to these categories of products was that Greek import duties should be reduced progressively over a transitional period which, in the case of sensitive products from EFTA countries, should extend for three years beyond the "overall" transitional period.<sup>92</sup>

The Community delegation, on the other hand, maintained that in establishing a transitional period, the two groups of countries should be accorded equal treatment; and that it was not possible to have transitional measures for some products that go beyond the overall transitional

period for the full application of the commercial-relations chapter (eventually agreed to be five years), given that at the end of this transitional period the CCT should be applied in full vis-à-vis all third countries.<sup>93</sup> The negotiations on this point were thus closely related to the corresponding negotiations on the customs-union dossier: given the above constraint and having abandoned its request for an additional transitional period with respect to alignment on the CCT, the Greek delegation no longer insisted on its request for an extended transitional period with respect to import duties of certain sensitive EFTA products.<sup>94</sup>

Deriving from the above position of principle, the Community altered the framework of analysis by avoiding Greece's differentiation of the proposed transitional measures between the two groups of countries. Instead, it formulated its position on the basis of the distinction made in the context of the Association Agreement (with respect to products imported from the Community into Greece) between products on the twenty-two-year list and products on the twelve-year list.

With respect to the products on the twenty-two-year list, the Community maintained that Greece should apply the tariff provisions of the preferential agreements, subject to the same transitional period (five years) and the same rate of tariff dismantling as envisaged for the progressive abolition of Greek residual import duties vis-à-vis the Community and the progressive alignment on



the CCT; furthermore, the process of dismantling from the level of the duties effectively applied vis-à-vis third countries should start on the same date as for customs union.<sup>95</sup>

With respect to products on the twelve-year list, the Community could not, in principle, accept any transitional measures; hence, Greece should apply in their case the tariff provisions of the Community's preferential agreements in full from the date of accession. An exception could be made, however, for a limited number of these products which, if considered sensitive for Greece, could be transferred to the regime of the twenty-two-year list.<sup>96</sup>

Although the Greek delegation readily agreed with the Community proposals on the twenty-two-year list,<sup>97</sup> it could not accept the Community position with respect to the twelve-year list, arguing that all these products should follow the same progressive abolition of import duties as envisaged for the products on the twenty-two-year list.<sup>98</sup> In arguing against the Community position, Greece maintained that (a) she would lose a considerable source of government revenue in the form of tariff receipts (the loss of revenue for the whole transitional period was estimated at 27 million EUA); (b) without the prospect of any substantial reciprocity of benefits from similar trade advantages on the markets of the preferential countries concerned, her commercial balance, which was negative with respect to most of the preferential countries, was expected to worsen; and (c) the principle of progressivity,

followed by the Community in other parts of the negotiations to ease the impact of accession, was given up here.<sup>99</sup>

This difference of views elicited little or no debate and was resolved with Greece's acceptance of the Community position with respect to the products on the twelve-year list.<sup>100</sup> Curiously enough, the Greek delegation made no use of the Community suggestion to identify only certain sensitive products from the twelve-year list and accord them the treatment reserved for twenty-two-year-list products; the available evidence suggests that it chose instead an all-or-nothing approach, agreeing to apply fully from the date of accession the tariff provisions of the Community's preferential agreements with respect to the twelve-year-list products.<sup>101</sup>

#### E. Textiles

Following the procedure adopted in the negotiations, what is examined under the separate subheading on textiles is only those cases falling under the common commercial policy in the textiles sector--i.e., the Multi-fibre Arrangement (MFA) together with the Community bilateral agreements concluded under it, and the existing Community autonomous arrangements. Since the Community commercial policy in the textile sector applied to imports from countries considered to be low-cost producers, it was agreed that all other issues (relating to transitional measures with respect to non-MFA textile products or countries regarded as not low-cost producers) would be

covered under the previous framework and examined in the same way together with all other industrial products.<sup>102</sup>

With respect to the Multifibre Arrangement, it was agreed (with little substantive discussion) that Greece would apply it upon accession.<sup>103</sup> On the further question of bilateral MFA agreements concluded by the Community under this Arrangement, it was agreed that they would also be applied from accession, and that the Community would negotiate protocols with the third countries concerned on the basis of the procedure adopted for preferential agreements;<sup>104</sup> they would provide for voluntary restraint on exports to Greece in the case of products and origins having restrictions on exports to the Community.<sup>105</sup> The Community would accordingly raise its levels to take account of Greece's accession--on the basis of existing trade flows between Greece and the countries concerned (in the case of existing flows) and according to the sensitivity of the products (in other cases)--leaving unaltered member states' shares which had already been negotiated.<sup>106</sup>

Within the above framework, the Community accepted specific Greek requests for transitional measures with respect to associated and preferential countries and MFA products liberalized by Greece and under Community bilateral agreements, following agreement on two conditions which were previously established in the context of the preferential agreements: the use of tariff regimes rather than deliberalization; and acceptance of the Community

position with respect to the twelve-year-list products. The list on which agreement was finally reached was shorter, in terms of both products and countries, than Greece's proposed list (which had already been the object of revisions); it included yarn and woven fabrics (both cotton and man-made), synthetic textile fibres, carpets, and outer garments.<sup>107</sup>

Finally, on the question of the Community's existing unilateral quota restrictions on textile imports from state-trading countries,<sup>108</sup> it was agreed that Greece would apply them in accordance with the relevant Community rules (twenty-four categories of products were involved at the time agreement was reached).<sup>109</sup> These products together with the textile products on the common liberalization list delineated the relevant *acquis communautaire*. In all remaining cases of quantitative restrictions that Greece imposed on textile imports from state-trading countries, she was not required to alter her own existing system; she could retain it but without recourse to any deliberalization measures.<sup>110</sup>

#### F. A General View of the Commercial-Relations Dossier

Although immersed in highly technical discussions concerning transitional arrangements for Greece's adoption of the *acquis communautaire* in this field, the negotiations were shaped by certain wider considerations which were ultimately responsible for the conduct of the bargaining process.

From a Community perspective, the entry of Greece was bound to affect the Community's commercial relations with third countries through its impact on the trade interests of the latter. Two opposite forces were at play in this instance, magnified by the prospective entry of the Iberian candidates: enlargement would extend the preference area for the exports of developing countries but would also lead to an erosion of their preferences in Community markets due to greater competition from Greece and the other entrants. Regardless of the relative strength of these forces, which in any case would apply differently to different groups of countries and products,<sup>111</sup> the fact remained that enlargement would inevitably lead to compensatory demands by the third countries concerned and to substantive revisions of Community contractual arrangements. Seen in this light, the Greek negotiations may have been conducted on the basis of the existing *acquis communautaire*, but the Community approach to them was also influenced by such dynamic considerations.

From a Greek perspective, accession was expected to reduce the protection of the domestic market from third-country imports. This effect of accession was quite separate from that of the association: the liberalization of Greece's trade would now go beyond alignment on the CCT and involve the adoption of the whole spectrum of Community preferences, reducing even further the protection enjoyed by the Greek economy, and adding new strains on a trade balance persistently in deficit; and while the

conclusion of Community preferential agreements by other countries had eroded in the past Greece's association preferences, it was the application of these agreements by Greece in the context of her accession that would now expose her economy to further competition from third countries.<sup>112</sup>

The above considerations apply to the trade-liberalization aspects of the Community's external commercial relations; but they may have to be qualified in the case of protected Community sectors such as textiles (and agriculture), where Community commercial policy operates in the opposite direction. On the other hand, while the two sides shared the same overall policy outlook vis-à-vis third-country textile imports, it was not clear to what extent the adoption of the Community regime would lead to greater protection for the Greek textile industry. Furthermore, given that her textile exports were primarily directed towards the Community, Greece was more concerned with the possibility that the general safeguard clause allowed for the imposition of intra-Community restrictions during her transitional period.<sup>113</sup>

Looking at the dossier of external commercial relations as a whole, the conflict between protection and liberalization (and between more or less protection) might have affected the conduct of the negotiations to a lesser extent than that suggested by the above analysis. Given the essentially political motivation behind the Community's external policy, it seems reasonable to argue

that Greece's prospective change of status from an associate to a full member altered her perception of protection: quite apart from economic considerations, protection involved a higher political cost than before, with repercussions on her future relations with third countries. It was this implicit convergence of views that probably reduced the negotiating gap separating the two parties and led to the successful completion of the commercial-relations dossier.

## NOTES

- 1 CONF-GR/11/77, p. 1.
- 2 Ibid., p. 2; MEMO-GR/8/77, p. 2; CONF-GR/54/77, p. 4; CONF-GR/55/77, p. 6.
- 3 MEMO-GR/8/77, p. 8; CONF-GR/16/78, p. 2; CONF-GR/17/78, p. 1; CONF-GR/21/78, Annex I, p. 2.
- 4 CONF-GR/16/78, p. 3; CONF-GR/21/78, Annex I, p. 3.
- 5 CONF-GR/16/78, p. 4; CONF-GR/17/78, p. 2; CONF-GR/21/78, Annex I, p. 4; CONF-GR/26/78, p. 2; CONF-GR/27/78, p. 2; CONF-GR/33/78, p. 2; CONF-GR/37/78, Annex I, p. 1.
- 6 CONF-GR/27/78, p. 2.
- 7 CONF-GR/32/78, p. 2.
- 8 CONF-GR/33/78, p. 2; CONF-GR/37/78, Annex I, p. 1.
- 9 See, for example, CONF-GR/33/78, p. 6.
- 10 Ibid., p. 2; CONF-GR/24/79, Annex I, pp. 32-34.
- 11 With respect to export restrictions, Greece initially requested that they should apply at the end of a transitional period, with a transitional arrangement similar to that envisaged in article 28 (paragraph 2) of the Association Agreement. The Community objected, maintaining that if Greece did not apply the Community regime from the date of accession, problems might arise in intra-Community trade after accession. It was finally agreed that Greece would apply upon accession the relevant *acquis communautaire*. See MEMO-GR/2/76, p. 3; MEMO-GR/1/77, pp. 3-4; CONF-GR/11/77, pp. 4-5; CONF-GR/16/77, p. 2; CONF-GR/16/78, p. 3; CONF-GR/24/78, p. 1. (With respect to export duties, it was agreed that they should also be abolished from the date of accession, except in those cases envisaged under the relevant *acquis communautaire*. See CONF-GR/11/77, p. 5; CONF-GR/16/77, p. 2.)
- 12 MEMO-GR/1/77, p. 2; CONF-GR/4/77, p. 1.
- 13 MEMO-GR/1/77, p. 2; CONF-GR/4/77, p. 1; CONF-GR/11/77, p. 2; MEMO-GR/8/77, p. 3.
- 14 MEMO-GR/8/77, p. 3; MEMO-GR/5/78, pp. 3-4.



- 15 CONF-GR/11/77, pp. 3, 6; CONF-GR/17/78, p. 3; CONF-GR/21/78, Annex I, p. 5. The common liberalization lists were contained in Regulations (EEC) no. 1439/74 (concerning nonpreferential GATT countries); and (EEC) no. 109/70, (EEC) no. 2532/78 (concerning state-trading countries). Adoption of the Community regime with respect to state-trading countries was to be carefully synchronized with adoption of the Community's progressive harmonization of quantitative restrictions on imports for products not yet liberalized, i.e. for products not included in the common liberalization list (CONF-GR/11/77, pp. 6-7); the Greek delegation did not react directly to this condition, but the overall tenor of its position implied agreement.
  
- 16 MEMO-GR/1/77, p. 5; CONF-GR/20/77, p. 4.
  
- 17 MEMO-GR/8/77, pp. 3, 5-6. In the initial Greek proposals, preferential countries and nonpreferential GATT countries were covered under the same list: Annex IIa of MEMO-GR/8/77 covered products liberalized by the Community, while Annex IIb of MEMO-GR/8/77 covered products not liberalized by the Community. The initial Greek proposals with respect to state-trading countries were listed in Annex IIIa (products liberalized by the Community) and Annex IIIb (products not liberalized by the Community) of MEMO-GR/8/77. See also *ibid.*, pp. 3-4, 6. The data submitted for each product (presumably demonstrating their sensitive nature) related to production, employment, volume of imports, import regime in Greece, and customs tariff.
  
- 18 With this breakdown the presentation of the Greek proposals was substantially improved; the lists submitted in replacement of the previous ones presented the relevant data in a much more concise manner that better supported the technical aspects of the Greek requests. As the negotiations progressed, the Greek lists were further adapted to fit the evolving argumentation of the Greek side as it reacted and adjusted to the Community position. (Both sides also adjusted their positions to exclude textile products and clothing, which were to be examined separately.) The initial Annexes IIa, IIb and IIIa, IIIb of MEMO-GR/8/77 were replaced as follows, having excluded textiles: Annexes IIa and IIIa were replaced by Annexes IIa and IIIa of MEMO-GR/4/78 respectively, while Annexes IIb and IIIb were replaced by Annexes IIb, IIc and IIIb, IIIC of MEMO-GR/4/78, respectively. The new Annexes IIb and IIIb contained products liberalized by Greece but not liberalized by the Community, while Annexes IIc and IIIC contained products not liberalized by either the Community or Greece.

The data presented in the new Annexes IIa, IIb, IIc and IIIa, IIb, IIc included, for each product covered, the import regime (EEC and Greek) as well as the value and quantity of imports and exports of Greece (1976) broken down by country and group of countries. Furthermore, two additional lists (Annexes IIId and IIId of MEMO-GR/4/78) contained production and employment data on the products listed, respectively, in Annexes IIa, IIb, IIc and IIIa, IIb, IIc (see MEMO-GR/4/78, p. 1). The above lists were subsequently replaced by a series of tables annexed to MEMO-GR/5/78, thereby distinguishing, apart from state-trading-countries' imports, between imports from nonpreferential GATT countries and imports from preferential countries. With respect to nonpreferential GATT countries, the Greek delegation submitted table A.I.1 (products liberalized by the Community and Greece), table A.I.2 (products liberalized by the Community and restricted by Greece), table A.II (products not liberalized by the Community and liberalized by Greece), and table A.III (products not liberalized by the Community or by Greece). Following the same breakdown, the Greek delegation submitted tables B.I.1, B.I.2, B.II, and B.III with respect to state-trading countries. With respect to preferential countries, the Greek delegation submitted table C.1 (products liberalized by Greece) and table C.2 (products not liberalized by Greece). Thus, the previous list of Annex IIa was replaced by tables A.I.1, A.I.2 and C.1, C.2, while the previous lists IIb and IIc were replaced by tables A.II and A.III, respectively. An additional table was also annexed to MEMO-GR/5/78, containing relevant economic data on production and employment with respect to the Greek requests and replacing the previous Annexes IIId and IIId of MEMO-GR/4/78. Furthermore, an aide-mémoire was also annexed to MEMO-GR/5/78, describing the particular economic characteristics of each product contained in the Greek requests, as well as the economic justification in each case for transitional quantitative restrictions vis-à-vis third countries (see MEMO-GR/5/78, pp. 1-3). This aide-mémoire, which covers all three categories of third countries, reappeared annexed in MEMO-GR/8/78 (and broken down into a series of aide-mémoires) with various minor changes and additions in the argumentation. Document MEMO-GR/8/78 also includes a separate list (table I) of products imported in Greece (from nonpreferential GATT countries as well as state-trading countries) under a TLA regime, which Greece wanted to retain for a transitional period (see also MEMO-GR/8/78, p. 1).

- 19 CONF-GR/16/78, pp. 6-7; CONF-GR/26/78, pp. 3, 9, 12; CONF-GR/32/78, p. 7.

- 20 CONF-GR/16/78, pp. 6-7; CONF-GR/26/78, p. 3;  
CONF-GR/32/78, p. 7.
- 21 CONF-GR/17/78, pp. 3-4; CONF-GR/27/78, pp. 3, 7-9, 11.  
See also MEMO-GR/4/78, p. 3; CONF-GR/33/78, p. 6.
- 22 CONF-GR/27/78, p. 8; CONF-GR/33/78, p. 6.
- 23 CONF-GR/32/78, p. 7; CONF-GR/33/78, p. 5;  
CONF-GR/47/78, p. 1; CONF-GR/48/78, Annex I, p. 4.
- 24 CONF-GR/27/78, pp. 8, 11.
- 25 CONF-GR/32/78, p. 6; CONF-GR/47/78, p. 1;  
CONF-GR/48/78, Annex I, p. 3.
- 26 The agreement reached amounted in effect to acceptance  
of table I of MEMO-GR/8/78 submitted by Greece. (This  
table reappears as Annex VI in CONF-GR/72/78.) See  
CONF-GR/72/78, p. 4; MEMO-GR/13/78, p. 3.
- 27 CONF-GR/16/78, pp. 5-6; CONF-GR/17/78, p. 3;  
CONF-GR/21/78, Annex I, p. 5 ; CONF-GR/26/78,  
pp. 9-10, 12-13; CONF-GR/27/78, pp. 9, 11;  
CONF-GR/30/78, Annex I, pp. 7-10 & Corrigendum 1, p.1.  
Principles (1) and (2) in section A above are relevant  
in this instance. In the cases of imports from state-  
trading countries, principle (1) was extended so  
that products with transitional quantitative re-  
strictions vis-à-vis GATT members but not vis-à-vis  
the Community would also have to be subject to quanti-  
tative restrictions of at least equal length vis-  
à-vis state-trading countries, even if liberalized  
in the Community vis-à-vis these countries. See  
CONF-GR/26/78, p. 13; CONF-GR/27/78, p. 11;  
CONF-GR/30/78, Annex I, p. 10. Principle (5) in  
section A was reformulated to state that the annual  
rate of liberalization should proceed in a progressive  
and substantial manner towards full liberalization  
as soon as possible and certainly by the end of the  
transitional period (CONF-GR/26/78, pp. 10, 13).  
Further rules relating to the determination of the  
basic quotas and the rate of liberalization are dis-  
cussed in the main text below.
- 28 Specifically, with respect to nonpreferential GATT  
countries, the Community delegation agreed with the  
Greek proposals contained in table A.I.2 of  
MEMO-GR/5/78. Agreement thus referred to the six  
products of this table (which reappeared in Annex III  
of CONF-GR/72/78), in addition to the fourteen  
products for which Greece was to maintain transitional  
quantitative restrictions vis-à-vis the rest of the  
Community (they are listed in Annex II of  
CONF-GR/72/78) and to product 85.01 (this was on  
the list of three products for which it was agreed

that Greece could retain quantitative restrictions with respect to imports from preferential countries; the other two products of this list are already among the six products of Annex III above). Some of the fourteen products of Annex II were also included in the Community common liberalization list; thus, for these products, together with the six products of Annex III above, there was a need to provide for temporary exclusion from the application of the Community common liberalization list with respect to nonpreferential GATT countries. See CONF-GR/72/78, p. 2; MEMO-GR/13/78, pp. 1-2; CONF-GR/18/79, Annex I, p. 17. In the agreement reached, these temporary derogations, listed in annex 1 of Annex I of CONF-GR/24/79, would be for a transitional period of five years (CONF-GR/97/78, p. 9; MEMO-GR/18/78, p. 6; CONF-GR/111/78, Annex I, p. 5). With respect to state-trading countries, the Community agreed with the Greek proposals contained in table B.I.2 of MEMO-GR/5/78. Agreement thus referred to the two products listed in Annex IV of CONF-GR/72/78--in addition to the fourteen products listed in Annex II of the same document ("the Community list"), the six products listed in Annex III of the same document ("the GATT list"), and product 85.01. Accordingly, in order to provide for the above transitional arrangements, it was necessary to establish temporary exclusions from the common liberalization list of Regulation 109/70 for the two products of Annex IV above as well as for those of the fourteen Community-list products and the six GATT-list products which also appeared in the common liberalization list. See CONF-GR/72/78, pp. 2-3; MEMO-GR/13/78, p. 2; CONF-GR/18/79, Annex I, p. 17. (The textile product ex 58.01, which was in the common liberalization list and under TLA in Greece, was also included in these temporary derogations. See CONF-GR/73/78, p. 2; CONF-GR/78/78, Annex I; MEMO-GR/14/78, p. 1.) It was agreed that these temporary derogations, listed in annex 2 of Annex I of CONF-GR/24/79, would be for a transitional period of five years (CONF-GR/97/78, p. 9; MEMO-GR/18/78, p. 6; CONF-GR/111/78, Annex I, p. 5).

- 29 CONF-GR/11/79, p. 4; CONF-GR/18/79, Annex I, p. 17. For the criteria that follow see CONF-GR/26/78, pp. 10, 13; CONF-GR/27/78, pp. 9, 11; CONF-GR/30/78, Annex I, pp. 8-10 & Corrigendum 1, p. 1; CONF-GR/24/79, Annex I, pp. 19-20, 25; Act of Accession, art. 115, par. 1.
- 30 This was derived from the more general, previously agreed criterion that for products for which no quotas for imports into Greece existed at that point in the negotiations the basic quotas could be calculated

as a percentage of Greek production. See MEMO-GR/8/77, p. 6; CONF-GR/26/78, p. 10; CONF-GR/27/78, pp. 9, 11; CONF-GR/30/78, Annex I, pp. 8, 10.

- 31 With the exception of fertilizers.
- 32 These are listed in annex 1 of Annex I of CONF-GR/24/79 with respect to products in the common liberalization list vis-à-vis nonpreferential GATT countries, and in annex 2, *ibid.*, with respect to products in the common liberalization list vis-à-vis state-trading countries (they are also listed in annex V of the Act of Accession). See also CONF-GR/24/79, Annex I, p. 21.
- 33 Act of Accession, art. 115, par. 1. See also MEMO-GR/8/77, p. 5; CONF-GR/24/79, Annex I, pp. 21-22.
- 34 MEMO-GR/1/77, p. 5; CONF-GR/26/78, pp. 11, 14; CONF-GR/32/78, p. 7.
- 35 MEMO-GR/4/78, p. 1; CONF-GR/27/78, pp. 10-11; CONF-GR/47/78, p. 1; CONF-GR/48/78, Annex I, p. 4.
- 36 MEMO-GR/8/77, p. 6; CONF-GR/16/78, p. 6.
- 37 CONF-GR/16/78, p. 6; CONF-GR/26/78, p. 19; CONF-GR/32/78, p. 10.
- 38 CONF-GR/17/78, p. 3; CONF-GR/21/78, Annex I, p. 5; CONF-GR/26/78, pp. 11, 14; CONF-GR/30/78, Annex I, pp. 9, 11. Strangely enough, in spite of final agreement on this point at ministerial level, the Greek delegation returned to the cumbersome idea of a hypothetical list by submitting table A.III annexed to MEMO-GR/5/78 (see also *ibid.*, p. 2), only to be confronted once more with what was already agreed. See CONF-GR/32/78, p. 8; CONF-GR/33/78, p. 7; CONF-GR/37/78, Annex I, p. 3.
- 39 CONF-GR/26/78, pp. 11, 14; CONF-GR/27/78, pp. 10, 11; CONF-GR/30/78, Annex I, pp. 9, 11; Act of Accession, art. 115, pars. 2, 3. Agreement thus ensured that two previously agreed conditions were respected:  
(a) Greece should not grant more favourable treatment to third countries, in the form of transitional measures, than to Community member states;  
(b) adoption of the common liberalization list with respect to state-trading countries should be coordinated with adoption of the common liberalization list with respect to nonpreferential GATT countries, so as to avoid Greece's granting more favourable transitional measures to state-trading countries than to nonpreferential GATT countries. See CONF-GR/24/79, Annex I, p. 23. The products in

question and their respective basic quotas are listed in annex 3 of Annex I of CONF-GR/24/79 (product ex 73.18, tubes & pipes, was liberalized by the Community vis-à-vis GATT but not vis-à-vis state-trading countries); see also *ibid.*, Annex I, p. 21. The basic quotas established follow a 4:1 ratio between GATT countries and state-trading countries. Annex 3 above appears in the Act of Accession as annex VI.

- 40 CONF-GR/26/78, pp. 11, 14; CONF-GR/27/78, p. 10; CONF-GR/30/78, Annex I, pp. 9, 11; CONF-GR/24/79, Annex I, pp. 23-24; Act of Accession, art. 115, par. 2.
- 41 CONF-GR/26/78, p. 18; CONF-GR/30/78, Annex I, p. 14; CONF-GR/32/78, p. 10; Act of Accession, art. 118, par. 3.
- 42 CONF-GR/11/77, p. 3; MEMO-GR/8/77, p. 4; CONF-GR/26/78, pp. 7, 19; CONF-GR/32/78, p. 10; Act of Accession, art. 118, par. 4.
- 43 CONF-GR/26/78, p. 7; CONF-GR/27/78, p. 5; CONF-GR/30/78, Annex I, p. 5; Act of Accession, art. 118, pars. 3, 4.
- 44 CONF-GR/11/77, p. 3; MEMO-GR/8/77, p. 4.
- 45 This category included TLA products.
- 46 CONF-GR/26/78, p. 18; CONF-GR/32/78, p. 10.
- 47 CONF-GR/27/78, p. 15.
- 48 CONF-GR/33/78, pp. 8-9; CONF-GR/37/78, Annex I, p. 4.
- 49 Following various modifications, the Greek proposals related to thirteen products. See MEMO-GR/8/78 (table II lists these products).
- 50 CONF-GR/72/78, pp. 3-4 & Annex V; CONF-GR/11/79, p. 3.
- 51 MEMO-GR/13/78, p. 3.
- 52 *Ibid.*, p. 4. This point applies equally to the Greek proposals below with respect to products not liberalized by Greece.
- 53 CONF-GR/24/79, Annex I, pp. 11-12.
- 54 CONF-GR/11/79, p. 3; CONF-GR/12/79, p. 3; CONF-GR/18/79, Annex I, p. 16. The agreed list of products and countries appears in Annex II of CONF-GR/11/79 (it reappeared as annex VI of Annex I of CONF-GR/18/79). A technical point related to the

above issue should be noted. Three of the products included in the Greek proposals benefitted or had benefitted, vis-à-vis the Community, from the facility of article 18 of the Association Agreement relating to infant-industry products (namely, insecticides, polystyrene & polyvinyl chloride, and tyres). For these products (which, as negotiated, would follow the twenty-two-year-list timetable vis-à-vis the Community) it was agreed to apply the twenty-two-year-list timetable, instead of indicative tariff ceilings, vis-à-vis the preferential countries. (These products were accordingly excluded from Annex II of CONF-GR/11/79.) See CONF-GR/11/79, p. 3; CONF-GR/12/79, p. 3; CONF-GR/18/79, Annex I, p. 16.

- 55 MEMO-GR/1/77, pp. 7, 9; CONF-GR/26/78, p. 18; CONF-GR/30/78, Annex I, p. 14; CONF-GR/32/78, p. 10; Act of Accession, art. 118, par. 3.
- 56 CONF-GR/26/78, p. 19; CONF-GR/32/78, p. 10.
- 57 CONF-GR/11/77, p. 11; MEMO-GR/1/77, p. 7; CONF-GR/27/78, p. 14; CONF-GR/32/78, p. 10.
- 58 The Greek delegation agreed with the Community's cautiously worded compromise proposal (CONF-GR/33/78, pp. 8-9; CONF-GR/37/78, Annex I, p. 4); but in re-iterating its agreement at a later point in the negotiations, it gave a different interpretation to the Community statement--that Greece "should" maintain quantitative restrictions beyond those relating to the fourteen-product list (see CONF-GR/47/78, Addendum 1).
- 59 MEMO-GR/8/78 (table III lists the Greek proposals).
- 60 CONF-GR/72/78, p. 1.
- 61 CONF-GR/72/78, p. 1 & Annex I. Agreement was later extended to cover also the specific preferential countries included in the Greek proposals. See annex IV of Annex I of CONF-GR/18/79, and *ibid.*, Annex I, p. 16.
- 62 CONF-GR/26/78, p. 19; CONF-GR/30/78, Annex I, p. 14; CONF-GR/32/78, p. 10.
- 63 CONF-GR/26/78, p. 15; CONF-GR/27/78, p. 11; CONF-GR/30/78, Annex I, p. 12; Act of Accession, art. 116. This point applies equally to EEC and ECSC products (CONF-GR/28/78, p. 19; CONF-GR/29/78, p. 13).
- 64 CONF-GR/11/77, p. 4; CONF-GR/26/78, p. 15; CONF-GR/27/78, p. 11; CONF-GR/30/78, Annex I, p. 12.

- 65 CONF-GR/27/78, pp. 11-12; CONF-GR/30/78, Annex II, p. 7; CONF-GR/32/78, p. 9; CONF-GR/33/78, pp. 7-8; CONF-GR/37/78, Annex I, p. 4.
- 66 MEMO-GR/8/77, p. 7; CONF-GR/11/77, p. 4; CONF-GR/16/77, p. 5; CONF-GR/26/78, p. 15; CONF-GR/27/78, p. 12; CONF-GR/30/78, Annex I, p. 12 & Corrigendum 1, p. 1.
- 67 MEMO-GR/1/77, p. 4; CONF-GR/4/77, p. 2; CONF-GR/11/77, p. 5; CONF-GR/16/77, p. 2; CONF-GR/27/78, p. 15; CONF-GR/30/78, Annex I, p. 15.
- 68 These estimates are calculated on the basis of OECD statistics; they are taken from Tsoukalis, European Community and Mediterranean Enlargement, p. 37, and Mitsos et al., Proschôrêsé stis Eurôpaïkes Koinotêtes, p. 161.
- 69 MEMO-GR/1/77, pp. 4-5; CONF-GR/4/77, p. 2; CONF-GR/11/77, p. 6; CONF-GR/16/77, p. 2.
- 70 MEMO-GR/1/77, p. 5; MEMO-GR/8/77, p. 2.
- 71 MEMO-GR/1/77, p. 5; CONF-GR/16/77, p. 3.
- 72 CONF-GR/11/77, p. 7.
- 73 Ibid.; CONF-GR/26/78, p. 17. Greece's cooperation agreements with state-trading countries posed no problems; but Greece had to ensure that any new such agreement signed prior to accession excluded any commercial-policy provisions. See CONF-GR/11/77, p. 8; CONF-GR/16/77, p. 2.
- 74 CONF-GR/16/77, p. 4; CONF-GR/27/78, p. 15; CONF-GR/30/78, Annex I, p. 15.
- 75 Economic and Social Committee, Relations between the Community and Greece, p. 35.
- 76 MEMO-GR/1/77, p. 6; CONF-GR/4/77, p. 3.
- 77 CONF-GR/11/77, p. 8; CONF-GR/16/77, p. 2.
- 78 CONF-GR/11/77, p. 8; CONF-GR/16/77, p. 2. As in the case of state-trading countries, it was noted that cooperation agreements with other third countries would raise no difficulties as long as they did not include any provisions of commercial policy (CONF-GR/11/77, p. 8; CONF-GR/16/77, p. 2).
- 79 Following a parallel treatment in the negotiations, the analysis of the present section applies equally to EEC and ECSC agreements. For the particular case of ECSC agreements see CONF-GR/17/77, pp. 5-6;



CONF-GR/25/77, p. 8; CONF-GR/58/77, p. 7;  
 CONF-GR/28/78, pp. 3-4; CONF-GR/29/78, pp. 2-4;  
 CONF-GR/34/78, p. 10; CONF-GR/35/78, p. 7;  
 CONF-GR/89/78, p. 3.

- 80 CONF-GR/11/77, p. 9; CONF-GR/27/78, p. 4;  
 CONF-GR/30/78, Annex I, pp. 3-4. In the case of the Lomé Convention, what was to be examined was Greece's application of the new Convention to be concluded before accession and not of the existing Convention (signed on 28 February 1975), since it was to expire on 1 March 1980. (The new Convention was to apply also in the case of agricultural products with the exception of sugar, for which protocol 3 of the existing Convention would apply. Similarly, it was the new Agreement on products within the province of the ECSC that had to be considered. See CONF-GR/28/78, p. 4; CONF-GR/29/78, p. 3; Act of Accession, art. 121.) This examination would establish negotiation directives for a transitional protocol between Greece and the ACP countries in the framework of the new Convention. See CONF-GR/16/78, p. 3; CONF-GR/21/78, Annex I, p. 3; CONF-GR/26/78, p. 8; CONF-GR/27/78, p. 6; CONF-GR/30/78, Annex I, p. 7; CONF-GR/89/78, p. 3; Act of Accession, arts. 121, 122.
- 81 For the initial negotiating position of the Greek side on this point, see CONF-GR/6/76, p. 3; MEMO-GR/1/77, p. 7; CONF-GR/4/77, p. 3; CONF-GR/20/77, p. 4.
- 82 CONF-GR/11/77, p. 9; CONF-GR/16/77, p. 4; CONF-GR/26/78, p. 5; CONF-GR/27/78, p. 4; CONF-GR/30/78, Annex I, pp. 3-5. Apart from the Lomé Convention, there is a total of nineteen preferential agreements which are listed in article 120 of the Act of Accession. Article 120 provides that the arrangements under consideration (specified in arts. 118 and 119) should also apply to Community preferential agreements with other Mediterranean countries concluded before accession.
- 83 For an analysis of the legal aspects of this situation see Yataganas, "Legal Problems," pp. 353-55.
- 84 CONF-GR/26/78, pp. 5-6; CONF-GR/30/78, Annex I, pp. 4-5; Act of Accession, arts. 118, par. 4, and 119.
- 85 With the exception of the ACP states, given that the transitional protocol would be negotiated in the framework of the new Convention.
- 86 CONF-GR/26/78, pp. 5-7; CONF-GR/27/78, pp. 4-5; CONF-GR/30/78, Annex I, pp. 4-5; Act of Accession, art. 118, par. 2; Final Act, joint declaration

concerning protocols to be concluded with certain third countries according to article 118. Separate negotiating directives would have to be established for protocols with respect to ECSC agreements with third countries. It was within this procedure that specific arrangements relating to ECSC products would have to be concluded--as, for example, the progressive abolition of customs duties and equivalent measures on ECSC imports and the immediate abolition of the EFTA countries' quantitative restrictions on their ECSC imports from Greece (on the last point see CONF-GR/17/77, p. 6; CONF-GR/25/77, p. 8; CONF-GR/58/77, pp. 7-8; CONF-GR/28/78, p. 19; CONF-GR/30/78, Annex I, p. 25).

- 87 CONF-GR/26/78, p. 5.
- 88 CONF-GR/27/78, p. 4; CONF-GR/30/78, Annex I, pp. 4-5; CONF-GR/33/78, pp. 4, 8-9.
- 89 CONF-GR/32/78, p. 4; CONF-GR/37/78, Annex I, p. 2; CONF-GR/24/79, Annex I, p. 13. See also Final Act, joint declaration concerning protocols to be concluded with certain third countries according to article 118; and information and consultation procedure for the adoption of certain decisions.
- 90 CONF-GR/26/78, pp. 7-8; CONF-GR/27/78, pp. 5-6; CONF-GR/30/78, Annex I, p. 6; Final Act, in 1979 Documents of Accession, p. 186. In connection with this point, the Greek delegation had requested, but without success, the provision in the accession instruments of a special consultations procedure between the Community and Greece in order to determine the new transitional arrangements between Greece and, respectively, Portugal and Spain, should their accession take place during Greece's interim period. The Community rejected this request, establishing that the consultations procedure between Greece and the Community envisaged for the interim period would equally apply to questions related to the accession negotiations with Portugal and Spain. See CONF-GR/27/78, p. 6; CONF-GR/29/78, pp. 3-4; CONF-GR/30/78, Annex I, p. 6; CONF-GR/32/78, p. 5; CONF-GR/33/78, pp. 4-5; CONF-GR/34/78, p. 10; CONF-GR/35/78, p. 7; CONF-GR/37/78, Annex I, p. 2.
- 91 The question of Greek customs duties and equivalent measures on ECSC imports from preferential countries was resolved in a manner that paralleled the solution agreed with respect to EEC twenty-two-year-list products. The Greek delegation made an initial distinction between EFTA countries and all other preferential countries (Maghreb, Mashreq, Israel, Turkey, and the Lomé Convention). It was willing to have Greek customs duties on ECSC imports from EFTA

abolished gradually with the same transitional period (five years) and the same rate and timetable of tariff dismantling as in the case of the progressive abolition of Greek residual import duties vis-à-vis the EEC; but in the case of all other preferential countries, it wanted to have the Greek duties abolished at one stroke at the end of the five-year transitional period (at a later stage in the negotiations, it proposed to abolish them within the last two years of the five-year transitional period). As in the case of EEC products, the Community objected to such a distinction, insisting that all preferential countries should be accorded the same progressive treatment, i.e. that which Greece had initially reserved for EFTA countries only. This position was finally accepted by the Greek delegation. At the same time it was recognized that countries whose preferential agreements involved reciprocal concessions (i.e., Israel and the EFTA countries, except Iceland) would have to abolish customs duties and equivalent measures vis-à-vis Greece along the same terms. (In the case of Israel, however, the reciprocal arrangements had to ensure in addition that Greece does not end up being treated more favourably than the rest of the Community.) See CONF-GR/17/77, p. 6; CONF-GR/25/77, p. 8; CONF-GR/58/77, pp. 7-8; CONF-GR/28/78, pp. 3, 18-19; CONF-GR/29/78, p. 12; CONF-GR/30/78, Annex I, p. 25; CONF-GR/34/78, p. 9; CONF-GR/35/78, p. 7; CONF-GR/37/78, Annex I, p. 8; CONF-GR/42/78, p. 3.

- 92 MEMO-GR/1/77, pp. 8-9; CONF-GR/11/77, pp. 10-11; CONF-GR/16/77, pp. 4-5; CONF-GR/17/78, p. 2. The initial list of the Greek proposals with respect to imports of sensitive products from the EFTA and Mediterranean & Lomé countries appears in MEMO-GR/1/77, pp. 10-12. With certain changes in the products listed, the Greek proposals with respect to the EFTA countries reappear in Annexes IVa, IVb, IVc of MEMO-GR/8/77 together with relevant data. (See also MEMO-GR/1/77, pp. 8-9; MEMO-GR/8/77, p. 7.)
- 93 CONF-GR/11/77, pp. 2, 10-11; CONF-GR/16/78, p. 4.
- 94 CONF-GR/20/77, p. 4; CONF-GR/47/78, p. 3; Act of Accession, art. 118, par. 2. See also the discussion concerning the alignment on the CCT in chapter IV, section C, above.
- 95 CONF-GR/26/78, pp. 16-17; CONF-GR/97/78, p. 9.
- 96 CONF-GR/26/78, p. 17; CONF-GR/32/78, p. 9. The question of the duties imposed by the preferential partners on their imports from Greece did not pose any difficulties: on the basis of reciprocity, the partner countries should apply the relevant tariff

provisions of the respective agreements in full from the date of accession (see CONF-GR/26/78, p. 17; CONF-GR/30/78, Annex I, p. 13 & Corrigendum 1, p. 1).

- 97 CONF-GR/27/78, p. 13; MEMO-GR/18/78, p. 6;  
CONF-GR/30/78, Annex I, p. 13; CONF-GR/111/78,  
Annex I, p. 5.
- 98 CONF-GR/27/78, p. 13; CONF-GR/33/78, p. 8;  
CONF-GR/12/79, pp. 1-2; MEMO-GR/1/79, p. 4.
- 99 CONF-GR/27/78, p. 13; CONF-GR/33/78, p. 8;  
CONF-GR/47/78, p. 2; CONF-GR/12/79, p. 1;  
MEMO-GR/1/79, pp. 4, 8.
- 100 CONF-GR/32/78, p. 9; CONF-GR/33/78, p. 8;  
CONF-GR/24/79, Annex I, pp. 11-12.
- 101 The agreement reached with respect to the tariff provisions of the Community's preferential agreements generally parallels the agreement reached in connection with the application of the Community system of generalized preferences. Greece initially wanted to apply the Community general-preferences system from the beginning of the third year after accession (in the case of ECSC products, the initial request was for a three-year transitional period, later synchronized to coincide with the proposal on EEC products). In the Community's view, however, this would raise problems if accepted, since for two years after accession imports into Greece from the countries benefitting from the Community generalized-preferences scheme would have been subject to import duties higher than those applicable to imports into Greece from countries in a comparable economic situation having preferential agreements with the Community. In the agreement finally reached, following an unsuccessful counterargument by the Greek delegation, Greece was to apply the Community system of generalized preferences with respect to industrial products from the date of accession, except for the twenty-two year-list EEC products and ECSC products (as listed in annex VII, section II, of the Act of Accession), which would follow the transitional measures established for them in connection with the Community's preferential agreements. (Agreement thus required that Greece fully applied from the date of accession the tariff provisions of the Community's general-preferences scheme with respect to the twelve-year-list products.) On the other hand, technical adaptations relating to quotas and ceilings would be made in the last year before Greek accession and would be based on the Community's generalized-preferences scheme to be worked out at that time. The assumption behind the agreement on the application

of the Community generalized-preferences scheme was that the scheme to emerge after 1980 would be in general lines similar to the existing one. See MEMO-GR/1/77, p. 9; CONF-GR/11/77, pp. 11-12; CONF-GR/17/77, p. 6; CONF-GR/25/77, p. 8; CONF-GR/26/78, p. 20; CONF-GR/27/78, pp. 13-15; CONF-GR/28/78, p. 18; CONF-GR/29/78, p. 12; CONF-GR/30/78, Annex I, p. 15; CONF-GR/32/78, p. 10; CONF-GR/33/78, p. 9; CONF-GR/35/78, p. 7; CONF-GR/41/78, p. 4; CONF-GR/72/78, p. 4; CONF-GR/24/79, Annex I, p. 12; Act of Accession, art. 117, par. 1.

- 102 MEMO-GR/4/78, pp. 3-4; CONF-GR/32/78, p. 3; CONF-GR/58/78, pp. 2-4; CONF-GR/59/78, pp. 1-2; CONF-GR/68/78, Annex I, p. 1. As already noted in connection with the development of the Greek proposals for transitional quantitative restrictions on imports from third countries, the non-MFA textile products and non-low-cost countries were initially included in the Greek proposals in Annexes IIa, IIb, and IIIa, IIb of MEMO-GR/8/77 together with all other industrial products. They were then presented separately in Annex Ia of MEMO-GR/4/78, which includes statistical data on the import regime of EEC and Greece and on imports and exports of Greece in 1976; an additional Annex, Ib, is also included in MEMO-GR/4/78, containing corresponding economic data on production and employment. Annexes Ia, Ib cover the initial Greek proposals on textiles with respect to all categories distinguished under section B of the present chapter. The conclusions reached in the negotiations are as follows: (a) the principle of nondeliberation would apply to textile products and clothing liberalized or subject to TLA by Greece, together with the other conclusions reached with respect to TLA products in general (CONF-GR/32/78, p. 3; CONF-GR/58/78, pp. 3-4; CONF-GR/59/78, p. 2; CONF-GR/68/78, Annex I, p. 1); (b) with respect to the Greek proposals dealing specifically with textile products subject to TLA by Greece, it was agreed that these products could be retained under a TLA system for a transitional period, provided that the system was genuine (CONF-GR/59/78, p. 2 & table I; CONF-GR/73/78, p. 1; CONF-GR/78/78, Annex I; MEMO-GR/14/78, p. 1); (c) with respect to textile products and clothing included in the two common liberalization lists and restricted by Greece, it was agreed that they should be liberalized upon accession (CONF-GR/58/78, p. 3; CONF-GR/59/78, p. 1; CONF-GR/68/78, Annex I, p. 1); (d) with respect to textile & clothing products under Community preferential agreements, the argumentation applied in relation to industrial products in general was extended to them as well (CONF-GR/32/78, p. 10).

- 103 MEMO-GR/1/77, p. 9; CONF-GR/4/77, p. 4;  
CONF-GR/11/77, p. 12; MEMO-GR/4/78, p. 3;  
CONF-GR/27/78, p. 3; CONF-GR/30/78, Annex I, p. 3;  
CONF-GR/59/78, p. 2; Act of Accession, art. 123,  
par. 1. Since the Multifibre Arrangement was concluded  
by the Community as such, Greece would not herself  
accede to it as a contracting party (CONF-GR/27/78,  
p. 3; CONF-GR/58/78, p. 4; CONF-GR/68/78, Annex I,  
p. 2).
- 104 CONF-GR/11/77, p. 12; MEMO-GR/4/78, p. 3;  
CONF-GR/68/78, Annex I, p. 2; Act of Accession,  
art. 123, par. 1. There were twenty-three bilateral  
MFA agreements at the time of the negotiations, con-  
cluded for a period of five years and terminating at  
the end of 1982.
- 105 CONF-GR/11/77, p. 12; CONF-GR/58/78, p. 5;  
CONF-GR/59/78, p. 3; CONF-GR/68/78, Annex I,  
pp. 2-3; Act of Accession, art. 123.
- 106 CONF-GR/58/78, p. 5; CONF-GR/59/78, p. 2;  
CONF-GR/68/78, Annex I, p. 2.
- 107 CONF-GR/58/78, p. 6; CONF-GR/59/78, p. 3;  
CONF-GR/68/78, Annex I, p. 3; CONF-GR/72/78, p. 4;  
CONF-GR/74/78, p. 1; MEMO-GR/13/78, pp. 3-4;  
CONF-GR/11/79, p. 3; CONF-GR/12/79, p. 3;  
CONF-GR/18/79, Annex I, p. 16; CONF-GR/24/79, Annex I,  
pp. 11-12. The specific Greek proposals were presented  
in list II annexed to CONF-GR/59/78. The Greek list  
was considered too long, containing high-cost products  
from high-cost countries; it was accordingly agreed  
that Greece should limit it, on the basis of a techni-  
cal examination by Greek and Commission experts,  
to low-cost categories (CONF-GR/72/78, p. 4;  
CONF-GR/78/78, p. 2; MEMO-GR/13/78, p. 3). The revised  
list of Greek proposals appears in a table annexed  
to CONF-GR/92/78. The list on which agreement was  
finally reached appears as Annex I of CONF-GR/11/79  
and again as annex V of Annex I of CONF-GR/18/79.
- 108 And Taiwan. Excluded from this group of countries  
were those state-trading countries which had concluded  
bilateral MFA agreements with the Community--Hungary,  
Poland, and Romania (at the time agreement was reached  
in the negotiations). See CONF-GR/58/78, p. 6;  
CONF-GR/68/78, Annex I, p. 3; CONF-GR/24/79, Annex I,  
p. 26.
- 109 CONF-GR/11/77, p. 12; MEMO-GR/4/78, p. 3;  
CONF-GR/16/78, p. 7; CONF-GR/58/78, p. 6;  
CONF-GR/59/78, p. 3; CONF-GR/68/78, Annex I, p. 3;  
CONF-GR/24/79, Annex I, p. 26. The categories of  
products involved appear in annex 4 of Annex I of  
CONF-GR/24/79.

- 110 CONF-GR/58/78, p. 6; CONF-GR/59/78, p. 3; CONF-GR/68/78, Annex I, p. 3.
- 111 For an attempt at a provisional assessment see G. N. Yannopoulos, "The Second Enlargement of the EEC and the Trade Interests of the Developing Countries," Revue d'intégration européenne 4 (Winter 1981):167-86. In the Commission's view, the adverse effects of enlargement would mainly be experienced by the Mediterranean associates, while the positive effects would tend to predominate in the ACP countries. However, the Commission's optimism in the latter case does not seem to be justified; on this point see Brian Bayliss, "African, Caribbean and Pacific Countries (ACP)," in Second Enlargement of the EEC, ed. Seers and Vaitzos, pp. 216-24.
- 112 This last point is further examined by Mitsos, "Hellênikê Biomêchania kai EOK," p. 41.
- 113 Community restrictions had been imposed on Greek textile exports in the context of the association. Within the new framework of membership, it was France that made use of the general safeguard clause for the first time, obtaining in October 1981 permission to restrict certain textile imports from Greece.

## CHAPTER VI

### AGRICULTURE

#### A. General Considerations

##### 1. The Importance of Agriculture

The subject of agriculture held unquestionably a central position in the conduct of the negotiations--a reflection, in the first instance, of the importance of agriculture in the Greek economy. An overall assessment of this importance is thus indispensable as a background of the analysis of the negotiations that follows.

An examination of the situation as it stood at the time of the negotiations reveals that the agricultural sector was relatively more important in the Greek economy than in the Community of Nine.<sup>1</sup> Greece had a larger share of the labour force employed in agriculture (28.8% vs. 8.7% for the Community), a greater percentage contribution of agriculture to GNP (17.2% vs. 4.4%), a larger share of agricultural products in total exports (34.0% vs. 7.7%), and a smaller share in total imports (10.0% vs. 20.8%).

The share of Greek labour employed in agriculture was perhaps the most sensitive among these figures, a vivid indication of the morphological gap separating the Greek from the Community economy. It is not surprising, therefore, that Greek efforts to examine more critically the reliability of the relevant statistics coincided with



the accession negotiations and received considerable publicity in the press, in Conference proceedings, and in academic works.<sup>2</sup> Based on data from the 1971 Census, the previously held estimate for the size of Greece's active agricultural labour force was in the neighborhood of 35%, placing Greece in quite a separate category from the rest of the Community. However, the national statistics from which this figure was derived depended on a definition of active agricultural employment with a much lower threshold level of activity than that employed by the Community to calculate the corresponding member-states' shares. By correcting this overestimation, the actual Greek share was reduced to 28.8% for the 1977-78 period.<sup>3</sup> The revised figure may have not changed the essential nature of the problem but brought Greece much closer to the range of existing member-state variations (Ireland's share, 24.5%, was the highest).

In spite of recent improvements in structures and gains in productivity (with a narrowing of the productivity gap vis-à-vis the Community), Greek agriculture was, and to a large extent still is, characterized by certain weaknesses, aggravated by unfavourable physical conditions-- farm fragmentation, aged farming population, and factor inflexibility in adapting to changing market conditions.

The characteristics of Greek agricultural production which served as the starting point of the debate were its complementarity with respect to Community agriculture, with vegetable products being relatively more

important in the case of Greece as opposed to animal produce for the Community, and its Mediterranean profile--with products such as fruit & vegetables, wine, tobacco, olive oil, cotton, sheepmeat, and goatmeat accounting at the time of the negotiations for 47% of total Greek agricultural production as opposed to the Community average of 18%. In a number of products (barley, sugar, potatoes, pigmeat, eggs, poultrymeat, and fish) Greece was almost self-sufficient, while in others (such as fodder grains, milk, beef, and veal, which accounted for a large share of her imports) the opposite held. On the other hand, certain Mediterranean products (cotton, tobacco, wine, wheat, and certain fruit & vegetables such as tomatoes and peaches) were in excess of domestic demand and, together with processed fruit & vegetables, accounted for the bulk of Greece's agricultural exports, which were primarily absorbed by the Community markets (exports to the Community amounted to approximately half of her total agricultural exports in 1977; the corresponding figure for imports was one-fourth of the total). Among these products, problems of competition were expected to arise in those cases where Community production was also in surplus--especially wine and certain fruit & vegetables, such as peaches and tomatoes.

In addition to the above considerations, the prominence of agriculture derived also from the fact that its negotiating dossier corresponded to the most developed sector of Community policy (approximately half of the texts published in the Official Journal deal with the CAP).

On the other hand, the limited implementation of the Association Agreement in the field of agriculture magnified further Greece's task of adopting the relevant acquis communautaire and modifying accordingly her existing policies. But apart from these intrinsic complexities, the pivotal negotiating role of agriculture rested on its connecting links with broader issues that transcended the confines of its subject matter--such as the overall length of the transitional period, the overall balance and reciprocity of advantages between the two parties, and the budgetary implications of accession.

The awareness of the consequences that the terms negotiated would have for both Greek and Community regions made agriculture a highly politicized chapter in the negotiations. It is this political sensitivity that could explain why highly technical agricultural questions of secondary Community legislation, which otherwise would have been expected to be resolved at expert or at the most at deputy level, were "upgraded" and surfaced at the ministerial level. In this sense, the examination of secondary Community legislation in the field of agriculture was, perhaps more than in any other sector, crucial in identifying substantive problems whose solution required the political will for a consensus at ministerial level.

Although there was clearly a consensus on the central importance of agriculture as a negotiating dossier, the views of the two sides diverged when it came to the question of the size of the problems associated with Greek

agriculture in a Community context. This divergence reflected not only differences of position between the Greek and Community delegations but also changes in negotiating tactics within the Greek position.

On the Greek side, an attempt was made to present the small size of the Greek agricultural sector as an argument in support of the position that the problem of Greek agriculture was small in magnitude when seen in a Community context, and hence the Greek requests would create only minor difficulties to the Community (using 1974 figures, Greece's agricultural GDP was seen to be only 6% approximately of the Community's agricultural GDP). It is interesting to note that this argument was initially put forth by Foreign Minister Papaligouras in the opening stage of the negotiations<sup>4</sup> but had to be taken up and reiterated by his successor, George Rallis, at an advanced stage in the negotiations to counter as unjustified the "fears being expressed" by member states.<sup>5</sup> Not surprisingly, as the negotiations approached their conclusion, the imminence of Greek accession and the related apprehension of increased Greek competition in Community agricultural markets placed Greece's argument on the size of her agricultural problem in a different perspective.

On the Community side, there were obvious economic and political reasons in underlining as much as possible the "profound" and "all-embracing" consequences that Greek accession would have for the Community's agriculture,

especially for its existing Mediterranean regions:<sup>6</sup> the initial magnitudes involved might be small, but the application of the CAP mechanisms to Greece could increase production of sensitive products (such as certain fruit & vegetables, olive oil, and wine) and lead to even greater competition in Community markets;<sup>7</sup> on the other hand, problems that might be deemed marginal in the isolated case of Greece were bound to assume considerable proportions in a Community of Twelve.

The divergence of views on Greece's agricultural problem was not limited to questions of magnitude but extended to matters involving the quality and adequacy of the existing agricultural infrastructure. While the Community maintained that Greece was faced with a number of structural weaknesses in the agricultural sector, Greece argued that there were practically no such functional problems of mechanisms and infrastructures.<sup>8</sup> However, what clearly emerged as the negotiations advanced was the superficial nature of this disagreement. For what was really at stake at the time it surfaced was the length of the transitional period in the agricultural sector; and in this connection, Greece's assessment of its structural weaknesses was to a large extent a tactical move to secure shorter transitional periods in the agricultural sector.<sup>9</sup> As the particular negotiating issue of the length of the transitional period was resolved towards the end of the negotiations, the Greek side was quick to reverse its argument and align it with its request for special

Community measures to deal with the very real problem of Greek regions suffering from acute structural weaknesses.<sup>10</sup>

The ease with which the Greek delegation was ready to adjust and even reverse its line of argumentation reveals that its overriding criterion was the speed of conduct of the negotiations. It is difficult to imagine, however, how the Government could have exercised such a high degree of freedom if it were not for the fact that the biggest and most important organization of farmers, the Panhellenic Confederation of Agricultural Cooperatives (PASEGES), was consistently in favour of membership. More than in any other sector, such concern with speed was justified in the present case. For the agricultural sector was the linchpin of the negotiations, and progress in it affected decisively the advance of the negotiations as a whole. Following the presentation of the initial positions and preliminary remarks by both sides, it gradually became evident that progress in the agricultural sector would develop into a thorny affair. More than a year and a half after the formal opening of the negotiations no real progress was registered, the agricultural dossier remaining effectively closed, with each side waiting for the other side's elaborations of its initial position in order to further develop its own.<sup>11</sup> This situation was not being helped by the slow rate of progress in the technical examination of Community secondary legislation.

Two general issues exerted inertia on the pace of the negotiations: an attempt by the Community, following pressures from France and Italy, to make progress in the agricultural dossier conditional to the discussions on the developement of the Mediterranean dimension of the Community's agricultural policy; and the prolonged debate on whether or not precedence should be given to a general discussion of the broader problems raised in the agricultural dossier over a detailed product-by-product analysis.

Stemming from French and Italian fears that enlargement would hurt farmers of Mediterranean products at home, the Community's attempt to link progress in the agricultural dossier with developments in the CAP could have easily resulted in the prolongation of the negotiations and the subordination of Greek agricultural problems under the much broader issue of Mediterranean agricultural policy. In steering the negotiations towards this direction, the Community delegation made use of Papaligouras' opening statement that Greece's acceptance of the *acquis communautaire* covered its developments up to the entry into force of the Treaty of Accession. With this negotiating principle as its basic premise, the Community brought into play the prospective developments in its policies, pointing out that some of them could be finalized before Greek accession.<sup>12</sup>

The potential danger of such an approach for the ultimate fate of the Greek requests in the agricultural sector could hardly be overestimated. By transforming

accession into a moving target, it could eventually have resulted in the removal of the substantive aspects of many Greek requests from the negotiating table and their referral to the consultations procedure of the interim period. In countering the Community position, the Greek side, in line with its general position on this matter, insisted that there should be a consultations procedure in respect of the proposed changes prior to the signing of the instruments of Accession, arguing that the reforms contemplated went beyond the confines of limited amendments of the *acquis communautaire* and amounted to a virtual overhaul of an entire field of Community policy affecting sensitive Greek products;<sup>13</sup> such a consultations procedure would enable Greece to have a voice and participate to some extent in the development of these policies. It is hardly surprising that the Community rejected this request, specifying that the consultations procedure would become effective only after the signing of the instruments of accession: a similar demand during the negotiations of the previous enlargement had the same fate, the argument being that it would compromise the Community's freedom of decision. This, of course, did not mean that Greece would not be regularly briefed on Community developments and that she would not be free to make observations. At the same time the Greek delegation was assured that during the reshaping of the Mediterranean agricultural policy, and for that matter of any other Community policy, the position of Greece and her interests as a future member state would be taken into consideration.<sup>14</sup>



Thus, the questions raised by the Greek delegation with respect to the consultations procedure in the field of agriculture were resolved in a manner consistent with the general provisions on the matter, applying equally to all sectors of Community policy (they have been examined in chapter III). At the same time the attempts to link in a formal manner the discussion of Greek agriculture with that of the Mediterranean agricultural policy were abandoned. What began in June 1977 as a short-lived French veto to an internal Commission paper addressed to the Greek delegation, and an insistence on CAP reforms for certain Mediterranean products as a precondition to progress in the Greek negotiations, eventually gave way to an arrangement whereby French and Italian demands for changes in Community agricultural policy would be accommodated in a parallel manner with the Greek negotiations. However, although formal preconditions had been cleared away from the negotiating table, the internal debate on the reform of Community policies--as they related in particular to olive oil, wine, and fruit & vegetables--continued as an undercurrent to affect the Greek negotiations, with member states using the latter as an arena for establishing positions of advantage in intra-Community bargaining. Following the adoption in May 1978 of a series of Community measures intended to meet these demands to a certain extent, the linkage between the Greek negotiations and Mediterranean agriculture was finally diffused.<sup>15</sup>

On the question of precedence as between a general and a detailed examination of the agricultural dossier, the Greek delegation maintained that a detailed sector-by-sector or product-by-product analysis should precede the acceptance of abstract and general principles and could begin with those products that posed no special difficulties.<sup>16</sup> The Community delegation, on the other hand, argued that a more thorough understanding of the general problems raised in this dossier was necessary before a detailed product-by-product examination could begin.<sup>17</sup> Besides serving the purpose of delay tactics, this debate turned out to be a smokescreen for the real issue, i.e. the length of the transitional period in the agricultural sector.

## 2. The Question of Transitional Measures

In arguing in favour of a general approach, what the Community had in mind was the problem of establishing a balance among the various aspects of the negotiations, and the relation of this to the question of transitional measures.

To start with, there was no disagreement on the necessity to establish transitional measures in the agricultural sector, on the understanding that apart from the requests submitted for such measures Greece would apply in full from the date of accession the relevant *acquis communautaire*.<sup>18</sup> What caused a divergence of views was the Community's insistence that transitional measures

in the agricultural sector should be such so as to ensure a balance within it, while taking account at the same time of the need for an overall balance of reciprocal advantages with respect to transitional measures in the negotiations as a whole.<sup>19</sup>

The Greek side reacted negatively to this notion, arguing, with some justice, that if it were difficult to establish an overall balance in the negotiations, it would become almost impossible to seek at the same time a balance within the agricultural sector; the concept of balance might be appropriate in commercial negotiations but not in the context of the present accession negotiations which, as the Community had stressed in various instances, were not commercial in nature.<sup>20</sup> As Papaligouras characteristically stated,

An attempt to strike too many balances at once . . . is likely to make the task extremely complicated by introducing a commercial factor which seems to me incompatible with the primary purpose of an accession Treaty. After all, the aim of such a Treaty is rather to establish ways in which the integration of the new member--a manifestly political act--can be brought about with maximum efficiency and minimum disturbance.<sup>21</sup>

It should be noted that there was no disagreement on the main purpose of transitional measures, with both sides agreeing, following along similar lines with the previous enlargement, that the purpose of transitional measures was to ease the adjustment of the new member state and to allow for the smooth and progressive integration of Greek agriculture into Community agriculture through the granting of transitional derogations from the *acquis communautaire* to the acceding state.<sup>22</sup>

Disagreement arose when it came to translating this principle into concrete terms: Greece's position was that the nature and length of transitional measures should reflect her actual needs rather than an overall balance of reciprocal advantages, as the Community was maintaining.<sup>23</sup>

But even this divergence of views proved rather superficial and disappeared as the negotiations progressed and the positions of the two sides became more concrete.

What the Greek delegation was attempting to establish was a more pragmatic approach, one in which the areas of applying a balance should be determined by practical rather than abstract considerations; otherwise, the more general and important balance in the trade relations between Greece and the Community might be overlooked.<sup>24</sup> However, bringing into the foreground the issue of trade relations had apparently the reverse effect: instead of bypassing the question of reciprocal advantages, it brought it into even greater prominence, making it the central theme behind the Greek position.

Considering the trade balance and current-account balance between Greece and the Community,<sup>25</sup> the Greek delegation argued that their past deficits, roughly at annual levels of \$1,500 and \$1,000 million respectively during the period 1973-76, were accentuated by the unbalanced fifteen-year record of the Association Agreement, with the advantages derived from it weighing constantly against Greece and in favour of the Community.<sup>26</sup> Furthermore, the situation was expected to be aggravated by the

prospect of a further widening in the trade gap after accession, due to the terms negotiated in other sectors-- customs union, ECSC, capital movements, etc.<sup>27</sup> This latter statement, coming from the Greek delegation in the full swing of the negotiations, may seem a curious admission at first sight. But its exact import becomes evident if seen in connection with Greece's attempt to secure an advantageous agreement with respect to agriculture by bringing into contrast the transitional measures already adopted in other sectors with the transitional measures under negotiation in the agricultural sector. By playing down the benefits accruing from the former, the Greek delegation was attempting to establish a tactical negotiating position, based on the notion of overall reciprocal advantages, which would enable it to support its requests for more beneficial transitional measures in the agricultural sector.<sup>28</sup>

Looking beyond such considerations of mere tactics, the more basic question that remains to be answered is the extent to which Greece gave up some of her requests in other negotiating sectors, yielding to member states' demands, in exchange for, or with a view to, having her requests in the agricultural sector at least partly accepted. Although there was no formal agreement committing the two sides to such a package deal, the possibility of a gentlemen's agreement to this effect should not be ruled out, especially if one takes into account the ease with which Greece watered down or even abandoned many

of her initial requests in other sectors. The wording of the following Conference statement by Rallis points to such a possibility:

Having in the course of the negotiations agreed, at the request of its future partners, to shorten or even forgo completely a whole series of transitional measures necessary to it in other sectors, such as customs union, external relations, capital movements, coal and steel, etc., Greece expects to be granted free access to the Community market for its agricultural produce, with the minimum of barriers.<sup>29</sup>

### 3. Delimitation of the Subject Matter

In addition to the mechanisms of the CAP, the present dossier encompassed those aspects of customs union and external commercial relations dealing with agricultural products.<sup>30</sup> Within this scope, the agricultural negotiations covered such a vast and complex field, that to analyze it exhaustively down to its technical ramifications would take the discussion outside the limits of the present research and would distort the balance in the analysis of the various negotiating chapters. Thus, apart from the technical aspects of Community secondary legislation that are accordingly excluded from the analysis that follows, a discussion of the detailed arrangements negotiated for specific agricultural products and their market organization will be introduced only to the extent that such arrangements are directly related to the broader issues of the agricultural negotiations, on which this research primarily focuses.<sup>31</sup> The task of sustaining a uniform level of abstraction in this context proved difficult; and is complicated even further by the fact, mentioned

earlier, that the technical discussions of the Community secondary legislation on agriculture penetrated in many instances into the deputy and ministerial levels of the negotiations.

A note should be made on the subject of fisheries, a subject on which there is little to be said in the analysis that follows, partly as a result of the limited extent to which it was discussed in the negotiations--limited by the fact that at that time this sector of Community policy was in a state of flux and still in the process of being formulated. Furthermore, Greece had little difficulty in accepting the existing *acquis communautaire*: she was willing to apply it without transitional measures in the case of provisions relating to the conservation and management of resources,<sup>32</sup> the common organization of markets,<sup>33</sup> and structures;<sup>34</sup> and subject to transitional measures in the case of customs union and external commercial relations.<sup>35</sup>

#### B. Customs Union and the Free Movement of Goods in the Agricultural Sector

Most of the discussion on customs union as it relates to agricultural products derives from principles negotiated with respect to industrial products. The principles that were also to apply to the agricultural sector<sup>36</sup> are the following: (1) after Greek accession the two parties cannot introduce new or raise existing customs duties on agricultural products;<sup>37</sup> (2) both Greece and the Community may speed up the abolition of intra-Community duties, provided that this does not result in disturbances

or deflections of trade;<sup>38</sup> (3) Greece would apply the Community tariff suspensions in the same manner as in the case of industrial products, and would not be allowed to introduce after accession national tariff suspensions on agricultural products vis-à-vis third countries;<sup>39</sup> (4) all charges applied by Greece in the agricultural sector having an equivalent effect to customs duties or to quantitative restrictions--import deposits, system of cash payments, etc.--should in general be abolished upon accession vis-à-vis both the Community and third countries;<sup>40</sup> (5) all quantitative restrictions should be abolished by Greece upon accession vis-à-vis the Community.<sup>41</sup>

Certain other general principles were also applicable in the present case but were elaborated in greater detail to suit the special circumstances of the agricultural dossier. In the discussion that follows these principles are briefly reviewed, while the analysis concentrates on those points which, being peculiar to the agricultural sector, gave rise to a debate and resulted in the establishment of specific derogatory arrangements for Greek agriculture.

#### 1. Intra-Community Customs Duties

The central theme adopted was that the abolition of intra-Community customs duties applied to trade in agricultural products between Greece and the Community should be smooth, balanced and progressive, and should



follow the same timetable and the same formula for the determination of basic duties as laid down for industrial products.<sup>42</sup> This progressive abolition was to apply to all products subject to a Community customs duty at the common frontier.<sup>43</sup>

In the case of products for which Greece was to replace upon accession her existing duties vis-à-vis third countries with the CCT, the gradual abolition of intra-Community customs duties would begin at the CCT level unless the basic duty was lower than the CCT level; in the latter case abolition would begin at the basic-duty level.<sup>44</sup> An exception to this arrangement was the case of oil seeds and seed oils. Given that Greece applied strict import controls from all countries to protect olive oil from the competition of cheaper substitutes, it was agreed to follow a different harmonization arrangement in the case of these products in order to avoid disturbances in the market for olive oil when Greece would abolish her import controls upon accession; this arrangement related both to abolition of intra-Community duties and alignment on the CCT, and involved a different starting level of duties.<sup>45</sup> In the particular case of Greek wines (the only Greek agricultural product subject to a Community tariff quota), the Community proposed that within the existing limits of the Community tariff quota under the Association Agreement, the basic duty would be the actual residual duty applied under the Community tariff quota; beyond this limit, the basic duty would be the actual

duties levied vis-à-vis third countries.<sup>46</sup> The Greek delegation was initially opposed to such a double tariff arrangement, arguing that it would create difficulties for the supervision and implementation of a tariff quota. It proposed instead that the actual residual duty applied under the Community tariff quota should be the basic duty for all Greek wines; and that any risks of disturbance in the Community wine market--unlikely in the first instance, given the low level of Greek wine exports to the Community--could be averted by the application of accession compensatory amounts.<sup>47</sup> This proposal was not acceptable to the Community; the agreement reached towards the end of the accession negotiations was based on the Community position.<sup>48</sup>

## 2. The Common Customs Tariff

Following the agreement reached with respect to industrial products, it was established that alignment of the Greek customs duties on the CCT with respect to agricultural products should be smooth, balanced and progressive, and should proceed under the conditions and timetable laid down for industrial products.<sup>49</sup> However, in the case of products whose imports into the Community were subject not only to a duty but also to a price mechanism, the CCT was to apply immediately upon accession (this case covered milk and milk products, fruit & vegetables, wine, and fishery products); and in the case of products subject to a Community levy in addition to a customs duty

when imported from third countries, the tariff movement (vis-à-vis both the Community and the CCT) would take place at the beginning of each marketing year, the first such movement occurring at the beginning of the marketing year after accession.<sup>50</sup>

At this point certain issues common to the elimination of customs duties and the alignment on the CCT, on which agreement was reached, should be noted: (a) in those cases where the customs duties were incompatible with the provisions of the common organization of the market, the customs duties should be replaced upon accession by the system envisaged under the common organization of the market; (b) in cases where the alignment on the CCT involved duties different in kind (i.e., alignment of a specific duty on an "ad valorem" duty or vice versa), the "mixed method" should be applied, whereby the components of the two duties (i.e., the basic duty and the target duty) are added at each stage of the alignment process; (c) in cases where the Community levy with respect to a given product was made up of a variable agricultural component (i.e., based on the import levies applied to the basic agricultural product used in the manufacture of the processed good) and a fixed industrial component, it would be that part of the corresponding Greek duty relating to the processing industry (that is, the fixed component) which would have to be isolated and gradually eliminated vis-à-vis the Community, while gradually aligned on the CCT.<sup>51</sup>

### C. External Commercial Relations

#### 1. Quantitative Restrictions and Measures Having Equivalent Effect

Following the general provisions negotiated under the commercial-relations dossier, and taking into account the special provisions established for the organization of the various agricultural markets, it was agreed that, in principle, quantitative restrictions and measures having an equivalent effect applied by Greece towards third countries should be abolished upon accession.<sup>52</sup> This was the general approach adopted for both industrial and agricultural products, with no differentiation between them. It was initially contested by Greece, which had requested for the retention of these restrictions for both groups of products over a five-year transitional period.<sup>53</sup> But faced with a question of principle, she quickly settled on a scheme of specific transitional exceptions; such exceptions could be justified if the sector-by-sector examination were to reveal that they were necessary for the solution of certain specific problems.<sup>54</sup>

In line with the above procedure, the Greek delegation submitted a list of products--certain types of cheese, chick peas and beans, lentils, fresh bananas, and hazelnuts--for which it requested transitional quantitative restrictions on imports from third countries for a five-year period.<sup>55</sup> These proposals were accepted by the Community<sup>56</sup>--although a subsequent attempt by the Greek delegation to expand this list with the addition of cattle, beef & veal, and milk proved unsuccessful.<sup>57</sup>

The transitional measures to be established with respect to this list of products had to satisfy certain rules, in line with similar rules established in the case of industrial products. Accordingly, (a) the basic quotas would be expressed in volumes wherever possible; (b) they would be progressively and substantially increased over the transitional period so as to achieve full liberalization by the end of the period; and (c) if imports in two consecutive years were less than 90% of the quota opened, Greece would have to abolish the quantitative restrictions in question.<sup>58</sup> These general rules were combined with certain implementing arrangements establishing the level and rate of increase of the relevant quotas in the case of nonpreferential GATT countries and state-trading countries (as noted below, implementing rules were also established for preferential countries).<sup>59</sup>

## 2. Community Preferential Agreements with Third Countries

In the initial formulation of its position, the Greek delegation was willing to accept the Community preferential concessions to third countries but wanted to defer their application to the end of the five-year transitional period.<sup>60</sup> On the Community side, such a deferral was seen as creating more problems than it tried to solve, given the sudden and intensive efforts that Greece would be forced to make afterwards.<sup>61</sup> The Community suggested instead a different procedure, distinguishing between tariff and nontariff preferential arrangements, and reiterating

the general principle that Greek imports from third countries should in no case be treated more favourably than imports from the Community.<sup>62</sup>

In the case of preferential tariff arrangements between the Community and third countries, Greece would have to apply them progressively and smoothly within the transitional period, following the same timing as that applied for the progressive abolition of Greek duties in trade between Greece and the rest of the Community; this procedure would apply both in the case of products to which Greece applied customs duties upon importation from the Community and in the case of products (contained in annex III of the Association Agreement) for which Greek customs duties had been abolished on imports from the Community.<sup>63</sup> In return to the above arrangement, the preferential partners whose agreements provided for tariff preferences in favour of agricultural imports from the Community would have to reciprocate and apply these preferential tariff provisions on their imports from Greece in a progressive manner equivalent to that proposed above.<sup>64</sup> These Community proposals were accepted by Greece, together with two related points concerning her own system of commercial relations:<sup>65</sup> (a) by the date of accession Greece was to abolish the tariff preferences that she granted on a few agricultural imports from certain third countries; (b) after accession Greece would not be able to continue benefitting from tariff preferences accorded to her exports of agricultural products by third countries in the context of her preaccession trade relations.<sup>66</sup>

In the case of preferential nontariff arrangements, and in particular reductions in levies, the Community proposal was that Greece should apply them fully from the date of accession, the argument being that these arrangements usually perform an economic rather than a commercial function and have no appreciable effect on import prices.<sup>67</sup> Reacting negatively, the Greek delegation suggested that instead of an immediate application upon accession, the preferential nontariff arrangements should be applied progressively in such a manner so that their full application would coincide with the alignment of Greek and Community prices and the full implementation of the Community intervention and aid arrangements for the products concerned.<sup>68</sup> This suggestion, however, was not taken up in the negotiations, with Greece finally agreeing with the Community position on this point.<sup>69</sup>

With respect to tariff quotas or similar concessions granted by the Community to third countries or vice versa, the Community proposed that transitional adjustment protocols would have to be concluded during the interim period between the enlarged Community and the third countries concerned in order to take account of Greece's accession.<sup>70</sup> In the particular case of agricultural products with transitional quantitative restrictions vis-à-vis third countries which were also subject to Community contractual tariff concessions, the Community proposal provided for the establishment, under the preferential agreements, of specific quantities of these products

which would be exempt from any quantitative restrictions by Greece and would gradually increase over the transitional period.<sup>71</sup> In agreeing with the above Community proposals, the Greek delegation made the further point, not contested by the Community, that, for the purpose of adjusting the tariff quotas within the necessary transitional arrangements, consideration should be given to the preaccession trade record between Greece and the countries concerned.<sup>72</sup>

The above analysis which examines the question of Greece's application of the Community preferential concessions to third countries reveals a point common to all the issues negotiated: in almost every case the debate focused on the problem of transitional arrangements, without questioning the essential elements of the Community preferential regime towards third countries. It was only in the context of autonomous tariff concessions on agricultural products granted by EFTA countries to the Community that the debate involved a modification of the existing regime. What Greece was attempting to secure in this case was the extension of these concessions in a way that would take into account her interests. In other words, her requests were not limited to the existing EFTA concessions which were included in the Exchanges of Letters between the EFTA countries and the Community and which would in any case apply to Greece upon accession; they also involved the enlargement of existing concessions and the granting of new ones, focusing on products of particular interest



to the Greek economy (such as peaches, fresh grapes, certain citrus fruit, etc.) which could penetrate further these markets.<sup>73</sup>

From the Community's point of view, however, there seemed to be little scope for such trade expansion, given that Greece's exports to the EFTA countries of the products in question were often only of marginal importance in relation to her total exports of each product and that Greek accession was expected to have only a limited effect on the structure of agricultural exports of the enlarged Community to the EFTA countries.<sup>74</sup> But the Greek demands were also faced with the constraint that, like the agreements themselves, the Exchanges of Letters between the EFTA countries and the Community were not open to renegotiation, though technical adjustments were possible; and this affected even those Greek requests which involved products already covered in these Exchanges of Letters.<sup>75</sup> Faced with a situation that apparently left no room for further negotiation, the Greek side decided not to insist any more on this point.<sup>76</sup>

#### D. Mechanisms of the Common Agricultural Policy

The basic question that had to be settled under this topic was whether the various Community mechanisms and arrangements of the common organization of markets should be adopted by Greece as an integral whole in order to avoid problems of implementation, as the Community argued;<sup>77</sup> or whether, following the Greek point of view,

each product should be examined individually in detail, with a view to reaching conclusions for the measures to be taken in each case.<sup>78</sup>

This issue, which is related to the general debate on agriculture examined earlier, might seem rather superficial at first sight, since the two approaches tend to complement each other, and, in any case, Greece readily accepted the principles and objectives of the CAP.<sup>79</sup> But, as already noted, such general and hazy issues often reflected negotiating tactics behind which lay hiding issues of substance. In the present instance, one could perhaps discern a particular case of the trade-off, analyzed in general terms in chapter II, between the rate of progress of the negotiations and the expected benefits to be derived from a detailed and meticulous negotiation of individual points--although, with the position of the two delegations having changed in the course of the negotiations, it is not easy to identify with certainty exactly where each party stood in this respect. It could be argued, for example--and the debate on the above issue points to this direction--that the Community agricultural interests, in contrast to the Greek ones, could best be served by a summary approach to the agricultural dossier which would envelope the Greek particularities within the existing *acquis communautaire* without compromising the political commitment for a speedy conclusion of the negotiations. Later in the negotiations the Community apparently went along with the Greek approach, giving priority to a

detailed product-by-product examination that would highlight the Greek difficulties and the corresponding demands; but at the same time it hardened its attitude on the rate of progress of the negotiations, which helps explain its insistence that the length of the transitional period in each agricultural sector would be established only after the completion of the sector-by-sector analysis as a whole.<sup>80</sup>

When seen in this light, the debate on the transitional period was not only related to considerations of adjustment and economic benefits but was also used by the Community as a strategic pawn in manipulating the rate of progress of the agricultural negotiations and, by extension, of the negotiations as a whole. Thus, differences in positions between the two sides with respect to the length of the transitional period cannot be explained fully without taking into account the interplay of these factors and without assessing the relative weight of each one of them.

The essential Community position was that, within Greece's integral acceptance of the overall mechanisms of common organization of markets, it would be natural and necessary to establish transitional measures for the gradual alignment of prices and aid levels between Greece and the Community; however, the duration of transitional measures should be such that a balance is maintained in the rate of progress of this alignment among the various agricultural products so as to avoid distortions on both

sides.<sup>81</sup> Within this framework, the transitional period had to be "sufficiently long" to allow for the smooth and progressive integration of Greek agriculture into Community agriculture--as it relates to market and price mechanisms and the necessary infrastructure for their proper functioning, as well as to the handling of any adaptation problems that may arise on either side.<sup>82</sup> Along these lines, and on the basis of the results of the sector-by-sector examination, the length and coverage of the transitional measures proposed by the Community were as follows: (1) the transitional measures should in principle cover all agricultural products in order to preserve an overall balance; (2) the basic transitional period would be five years, except for certain sectors where there existed difficulties either for the Community or for Greece, in which case the transitional period would be set at a maximum length of eight years (these sectors, according to the Community position, covered olive oil and other oleaginous products, certain fresh and processed fruit & vegetables, and wine).<sup>83</sup>

The inevitably hazy concept of a "sufficiently long" transitional period was strongly criticized by Greece, which saw in it an attempt to camouflage and protect Community agricultural interests by emphasizing and often exaggerating the adaptation needs of her agriculture, and to limit Community budgetary flows towards her.<sup>84</sup> The proposed transitional period was accordingly considered too long: as the Greek delegation maintained, there were

practically no functional problems of mechanisms or problems of infrastructures; hence, the problem of transition could be reduced to one of price alignment, which in turn could be reduced even further in a number of cases where the price differences between the Community and Greece were small.<sup>85</sup>

In Greece's view, a five-year transitional period should be considered a maximum, with allowance for variations within it according to the specific circumstances and needs of particular products or sectors (e.g., three years for eggs, two years for flowers) and immediate application upon accession in the case of all other sectors.<sup>86</sup>

In many cases where Greece was requesting no transitional period Greek prices did in fact differ from Community prices; but, as the Greek delegation argued, the magnitude of such differences was relatively small, and prices could therefore be harmonized prior to accession. It is interesting to note that among the products for which Greece had initially requested the immediate application of the relevant Community regulations were fresh and processed fruit & vegetables, wine, and olive oil--i.e., products for which the Community had requested an eight-year transitional period.<sup>87</sup> These products were considered so important by Greece that, by casting their shadow over the whole agricultural sector, they were seen as transforming in essence the effective transitional period in agriculture from five years to eight.<sup>88</sup> From the Greek point of view, the real, and quite unacceptable, criterion for the

Community's distinction between normal (five-year) and maximum (eight-year) transitional arrangements was not the adaptation and adjustment needs of Greek agriculture but the protection of the Community's own interests. Thus, the Community had included under the five-year category the essential products exported by most member states to Greece while proposing an eight-year transitional period for products which were essential to the Greek economy and her export sector.<sup>89</sup>

The debate on the length of the transitional period finally resulted in Greece's acceptance of most of the Community proposals, with a compromise on the maximum-period products. Accordingly, it was agreed that the transitional measures should in principle cover all agricultural products, the basic transitional period being fixed uniformly at five years, except for certain cases where it was set at the maximum length of seven years; these cases were limited to fresh & processed tomatoes and fresh & preserved peaches.<sup>90</sup>

Once the issues connected with the transitional period were resolved, the seriousness of the structural problems facing Greek agriculture stood out in relief, stripped of negotiating intentions and tactical arguments. However, when it came to facing up to these difficulties, the Community agreed only in an oblique way with Greece's request for the adoption of special corrective measures. The objective was to deal with problems of marketing infrastructure and other structural difficulties facing Greek

agriculture by accelerating the necessary procedures, using for this purpose the interim period; but this was to be accommodated within the existing Community rules. Accordingly, the Community was willing to use the interim period to help Greece prepare programmes within which individual projects could qualify for Community financial assistance upon accession; but it was not considered necessary to adopt for this purpose any special Community legislation.<sup>91</sup>

The analysis now turns to an examination of specific CAP mechanisms--in particular, the problems that arose in the negotiations with respect to the harmonization of prices, compensation mechanisms, and harmonization of aid systems. Following the examination of these issues, the analysis focuses on the Greek requests for the establishment of common organization of markets for certain sensitive products not organized at Community level.

It should be noted in this respect that, given the differences in agricultural profiles, the relative weight assigned to the various types of common market organization also differed between Greece and the Community of Nine: deficiency payments (durum wheat, olive oil, oil seeds, tobacco) and direct aids (seeds, cotton) covered products that were relatively more important for Greece; on the other hand, support-price arrangements (milk, cereals, sugar, beef & veal, pigmeat) covered typically northern products that were of lesser importance for Greece.

## 1. Adoption of the CAP Mechanisms<sup>92</sup>

### a) Harmonization of prices

The basis for the alignment of the Greek prices on the corresponding Community prices was to be their difference, calculated according to a representative reference period for each product.<sup>93</sup> In calculating Greek price levels, the retaining or removal of national aids had also to be taken into account, the overall objective being that the price levels for Greece should be determined in such a way that the income level of the Greek producer can be equally maintained under Community as under Greek market conditions.<sup>94</sup>

In the agreement reached it was furthermore provided that, for each product, alignment would be progressive, extend over the whole transitional period, and be subject to adjustment with respect to any changes in Community prices. This latter provision meant that the level attained at each annual stage of the alignment process would be adapted to any movements in Community prices, the first harmonization stage being made to coincide for each product with the beginning of the first marketing year following accession.<sup>95</sup> In the case of most products, harmonization would involve an increase in Greek prices.

Within the above framework, allowance was made for an immediate price alignment in those cases where the price difference between Greece and the Community was minimal.<sup>96</sup> On the other hand, whether or not a price



difference was to be considered minimal would depend on the specific product concerned and the economic circumstances.<sup>97</sup> This criterion was not immediately accepted by the Greek delegation: its suggestion, later abandoned, was that in deciding on the minimality of price differences, all products should be treated equally and solely on the basis of the existing price differentials.<sup>98</sup>

An additional point that was established was that, in line with the CAP provisions, the drachma exchange rate on the date of accession should reflect the market rate of exchange at that time. Given the need for the establishment of a relationship between the drachma and the unit of account for the purposes of price comparisons between Greece and the Community in the context of the CAP, the above requirement implied that it would be necessary to create in Athens a real exchange-rate market and to introduce official quotations for the drachma on Community exchange markets (more specifically, on at least one of them). Agreement was easily reached on this point, the intention on the Greek side being to make such a market operational before accession.<sup>99</sup> This was an important issue with wider repercussions and as such it was further discussed under the dossier of economic and financial affairs (it is accordingly examined in chapter VII).

#### b) Compensation mechanisms

The negotiations established that there must be provision of compensation mechanisms in trade between Greece and the Community and between Greece and third

countries during the transitional period, in order to avoid distortions or disturbances on the markets of the two sides that may arise due to disparities in price levels between Greece and the Community.<sup>100</sup> In the system derived from this principle, which was to apply not only to basic products but also to raw materials incorporated in processed goods, the differences in price levels of traded products would be compensated by accession compensatory amounts, gradually diminishing over the transitional period as the prices are progressively harmonized.<sup>101</sup> Such technical arrangements apparently implied that there would be no discrimination against Greek products, ensuring that they would compete on equal terms with products from other member states in the Community markets;<sup>102</sup> the assumption in this respect, as the Greek delegation pointed out, was that the accession compensatory amounts would be applied on the basis of reciprocity.<sup>103</sup> Furthermore, as the negotiations eventually established, the accession compensatory amounts for any given product should not exceed the total amount levied on its imports from third countries benefitting from the most-favoured-nation (MFN) clause under GATT.<sup>104</sup>

In the particular case of fresh fruit and vegetables with reference prices, this compensation system had to be adapted to their special characteristics<sup>105</sup> so as to ensure that prices on the Community market would be held firm, while Greek products would not be placed at a disadvantage vis-à-vis Community products.<sup>106</sup> In the view of the Greek

delegation, this latter condition was extremely delicate and evasive; for even though the Community was the first one to recognise it as a vital element in the compensation mechanism to be worked out, the system of compensatory amounts that initially emerged from the Community proposals paid only lip service to it, applying only to Greece and hence discriminating against her.<sup>107</sup>

Greece's request that the proposed system should equally apply to similar Community products entering Greece was given special emphasis in the particular case of table grapes: Greece wanted the application of accession compensatory amounts for the purpose of protecting her own table grapes, whose high prices were due to high internal transport costs, from lower-priced Community imports.<sup>108</sup> However, the introduction of compensatory amounts into the Greek market of table grapes was considered unjustifiable, since their aim was not, as it should be, the prevention of market distortions but rather the handling only of exceptional difficulties: Community exports of fresh grapes to Greece were at that time virtually nonexistent with no prospects for their future growth.<sup>109</sup> In contrast, exports of Greek table grapes had nearly doubled between 1971 and 1975, 66% of which were absorbed by the Community.

Despite the rejection of Greece's specific request with respect to table grapes, the Community agreed easily on the reciprocity of the compensation mechanism for fresh fruit and vegetables with reference prices. Thus, the system that finally emerged, after a detailed and critical

examination in the course of the negotiations, was to be applicable not only by the Community vis-à-vis Greece but also, by extension, by Greece vis-à-vis the Community.<sup>110</sup>

Before examining the issues relating to the harmonization of aid systems, it is worth noting that the question of transport costs was not raised solely in connection with lower-priced Community imports of table grapes but also in connection with higher-priced Greek exports of certain agricultural products, such as wines and fruit & vegetables. What the Greek delegation was maintaining in this respect was that, when calculating accession compensatory amounts, allowance had to be made for the higher transport costs incurred by Greek producers due to the geographical location of Greece vis-à-vis the main Community markets (this was subsequently specified to mean that, for the products under consideration, the accession compensatory amounts should be reduced by the amount of transport costs).<sup>111</sup> The Community did not accept Greece's request, arguing that it run counter to the spirit of Community practice: the same problem existed for other member states, but the Community had not resorted to subsidization of transport costs.<sup>112</sup>

#### c) Harmonization of aid systems

Leaving aside the relatively simple case of products subject to Community aid with no corresponding Greek aid, for which the Community aid was to be introduced at

the beginning of each marketing year in equal stages during the transitional period,<sup>113</sup> the central issue that was negotiated under the present topic was the abolition of Greek national aids to the extent that they were incompatible with Community rules. Given their widespread incidence throughout Greek agriculture, their abolition would involve considerable problems of internal adjustments and a significant reorientation of domestic policies. The principle adopted in this respect was that incompatible national aids should be abolished upon accession, except in those instances where temporary derogations or transitional measures were to be negotiated.<sup>114</sup> In this latter case, a distinction was made between Greek aids with no Community equivalent and those with a Community equivalent.

The Community requested the immediate abolition of Greek aid upon accession only in the case of national export aids.<sup>115</sup> Although Greece's initial reaction on this point was negative, insisting on the transitional need for this aid, she eventually came to accept the Community point of view but made its acceptance conditional to an exception in the case of table grapes: given that the Greek problem of table grapes was structural (and a difficult one), to be solved within the framework of the Community's sociostructural agricultural policy, national export aid should be maintained for intra-Community trade and abolished gradually until the restructuring of table-grape production.<sup>116</sup> In the final compromise reached, the Greek condition was only partially satisfied:

while the existing export subsidy of table grapes would have to be abolished upon accession, a national production aid for table grapes could be granted instead as a transitional measure, based on Greece's average production over the last three years.<sup>117</sup>

This agreement on production aid for table grapes was part of a broader agreement allowing for the possibility of transitional arrangements for the gradual abolition of Greek national aids with no Community equivalent, in accordance with rules and criteria established in the negotiations.<sup>118</sup> An exception, however, was made for dried grapes & dried figs, table olives, tobacco, and cotton; in their case, instead of these criteria, special provisions would be applicable allowing for the maintenance of national aid.<sup>119</sup>

The same procedure of a gradual abolition of national aid over the transitional period was also established in the case of Greek aids to which corresponded similar Community aids; in such instances only the cost of the aid in excess of the amount granted by the Community would be borne by Greece and maintained as a transitional measure, to be abolished gradually by the end of the transitional period in order to avoid a sharp drop in the income of the producers concerned.<sup>120</sup> The Community aid would be introduced at the beginning of each marketing year and would increase in equal stages over the transitional period until it reached the level granted to the other member states--a level which in no case should be exceeded.<sup>121</sup>

Within the above general framework, special arrangements were established for processed fruit & vegetables, according to which the amount of Community aid granted to Greece would be calculated on the basis of the difference of ex-factory prices between Greece (taking account of the respective aids) and the Community; however, if during the transitional period the relevant Community regulations were amended and the existing Community system modified, then the transitional measures applicable to Greece for the maximum remaining transitional period would have to be adjusted accordingly.<sup>122</sup> This provision was included in the agreement reached, since the Council was expected to review before 1 October 1982 the operation of the Community aid system for certain products of this sector.

A central theme that emerges from the examination of the issues relating to the abolition of Greek national aids is that the agreements reached in the negotiations were not fully in tune with the demands of the Greek side, especially in respect of their budgetary aspects. This is vividly seen in Greece's unsuccessful attempts to have her position accepted with respect to certain crucial products--such as tobacco, olive oil, and sugar, which received particular attention in the negotiations.

In the case of tobacco, as in other cases, the basic issue centered on the question as to whether the premiums and refunds related to the income of the Greek producer would be borne by the Community budget immediately

after accession, following the Greek position, or gradually over the transitional period, as the Community insisted. Greece's request was not accepted--though in the compromise finally reached during the concluding stage of the budgetary negotiations she was granted certain concessions that increased her financial benefits in this respect.<sup>123</sup> Although tobacco was a relatively insignificant item in the Community budget (with less than 0.2% of the Community's support expenditure spent on it in 1976), the difficulties encountered in the negotiations stemmed from the fact that Greek production was 70% of Community production (in 1977): an immediate extension of the Community support system to Greece would have entailed an additional burden on the Community budget which the Community was not prepared to shoulder, despite efforts by the Greek delegation to show that this burden would be small.

Similarly in the case of olive oil, Greece had initially requested the immediate alignment of Community aid upon accession but was forced to water down her request to a two-year and later to a four-year transitional period, as against the Community position that the general five-year rule should also apply in the present case.<sup>124</sup> The Community's position was once more dictated by budgetary considerations: the burden on Community expenditure for olive oil resulting from Greece's entry would have been aggravated by her immediate integration into the Community aid regime. (Greek production of olive oil was on the average slightly less than 50% of Community production;



together with Portuguese and Spanish production, the corresponding 1977 percentage rose to 168%.) In the final agreement, the Community remained firm on her initial position, offering Greece only minor concessions as a derogation from the general rule.<sup>125</sup> Accordingly, (1) in the first alignment stage Community aid would be introduced not at the beginning of the marketing year following accession but on the actual date of accession, the implication being that the first stage of Community aid to Greece would be calculated on the basis of the Community aid fixed for the beginning of the marketing year prior to accession (i.e., 1 November 1980); (2) the second alignment stage would begin at the start of the second marketing year after accession; (3) full application of Community aid would begin from the fifth marketing year after accession--that is, at the end of the five-year transitional period.<sup>126</sup>

Finally, Greece found the Community arrangements with respect to sugar unacceptable; according to them she would have to establish a basic quota for her sugar production which would lead to a reduction of the supported quantity produced domestically and a diversion of some sugar-beet producers to other crops (Greek production rose from 52,000 tons in 1961 to 2.7 million tons in 1979; the Community, on the other hand, was running a sugar surplus). The Greek delegation was highly skeptical about the efficacy of such a reorientation of her agricultural production, since for almost all her traditional agricultural

products the Community was in effect attempting to limit their growth.<sup>127</sup> According to the Greek counterproposal, the Greek sugar quotas should be calculated on a different basis, one that would allow Greece to maintain at least the present production potential of her sugar-beet industry which just covered the needs of domestic demand.<sup>128</sup> The Greek request had the same, by now almost predictable, fate as many of her other demands: it was not accepted; instead, it was decided that the same Community criteria applied to the rest of the Community should be used for establishing the maximum Greek sugar quota.<sup>129</sup>

## 2. Greek Requests for the Establishment of Common Organization of Markets for Certain Products

Quite separate from the previous issues are those requests of the Greek side relating to the establishment of common organization of markets for certain products important to the Greek economy for which no such arrangements existed in the Community at the time of the negotiations, at least in a concrete and finalized form that met the Greek needs; under this category fall specific proposals elaborated by the Greek delegation with respect to cotton (not carded or combed), dried figs & dried grapes, pine resin, and sheepmeat & sheep.<sup>130</sup> Greece's negotiating objective was the acceptance of the relevant principles, leaving the detailed Community rules to be worked out after accession.<sup>131</sup>

The analysis that follows concentrates on the problems encountered with respect to cotton and dried figs & grapes, since the Greek demands raised with respect to the other two product categories were handled rather hastily, with little or no substantial debate on either side.

a) Cotton

Cotton was scarcely produced in the Community of Nine, whereas it was a significant product for Greece, providing a substantial source of employment and contributing approximately 5% to the total agricultural production of the country.

The basic premise of the Greek position was that the existing Community arrangements were not suited to the specific Greek requirements and circumstances; what was needed was the characterization of cotton (not carded or combed) as a Community agricultural product and the establishment of a common organization of the market that would secure for the cotton producers an income comparable to that enjoyed in other Community sectors and supported by the Community rather than the national budget.<sup>132</sup> In the agreement finally reached, the Community was prepared to regard cotton as an agricultural product and to adopt special Community measures for it, within the framework of a protocol to be annexed to the Act of Accession. The special protocol (no. 4) on cotton laid down guidelines for the establishment of new Community arrangements,

including provisions relating to Community financing, to replace the existing ones. The new system would begin to apply from the first marketing year after accession; until its implementation Greece could maintain her national preaccession system of production support for cotton, while transitional arrangements could also be provided for the smooth passage from the existing Greek and Community systems to that envisaged in the protocol. (This implied that Community aid for cotton-seed producers would be granted progressively over the transitional period rather than immediately, as the Greek side had requested.)<sup>133</sup>

b) Dried figs and dried grapes

Two alternative solutions were proposed with respect to these products: introduction of a common organization of the market created specifically for dried figs and grapes (favoured by Greece); or extension of the basic Community regulations concerning processed fruit & vegetables to cover the case of dried figs and grapes (favoured by the Community).<sup>134</sup> In the course of the negotiations, it became evident that although neither solution was acceptable as such by both sides, a compromise could be found on the basis of the second alternative, expanded to meet certain Greek demands. Specifically, while Greece was initially opposed to the Community solution, arguing that it involved unsatisfactory marketing arrangements and did not provide for an intervention-price system to support the income of Greek producers, she eventually

agreed to it but only after it was made clear that the granting of Community production aid for dried figs and grapes was acceptable.<sup>135</sup>

In the compromise finally reached, the production-aid scheme for dried figs and grapes was to be worked out in time to apply in the first instance to the crop of the accession year.<sup>136</sup> Furthermore, until all the necessary adjustments to the Community rules were made, Greece would be allowed to retain as a transitional measure the main elements of her existing system, including quantitative restrictions on imports from third countries, provided that these were limited to its essential aspects necessary to safeguard the income of the Greek producer and were defined prior to accession.<sup>137</sup>

c) Pine resin

The Greek delegation eventually withdrew its request for the establishment of a common organization of the market for pine resin, following Community objections to treat pine resin as a Community agricultural product within the meaning of article 38 of the Treaty of Rome.<sup>138</sup>

d) Sheepmeat and sheep

On the question of sheepmeat and sheep (an important sector, given that per capita consumption in Greece is almost five times higher than the Community average), it was agreed that if the Community's own proposals for a common organization of the market (under way at the time of the negotiations) were not adopted by the time

of accession, Greece would be allowed to retain its own system until the introduction of common rules but not beyond the five-year transitional period; in doing so, however, she should abolish all quantitative restrictions and equivalent measures vis-à-vis member states, with an allowance only for those measures strictly necessary for the maintenance of her system.<sup>139</sup>

#### E. The Substance of the Agricultural Negotiations

The issues relating to agricultural products in the fields of customs union and external commercial relations can be usefully seen as conceptual extensions of related issues resolved under the corresponding dossiers for industrial products. In this sense, what gave a new negotiating dimension to the present field were the problems raised in connection with the Community's CAP. And given that the latter's structural policies left little scope for negotiating the relevant *acquis communautaire*, the main area of contention was largely confined to agricultural market mechanisms. However, such a delimitation of the subject matter in terms of negotiating sensitivities should not be taken as a guide of the relative significance of the issues involved.

As already discussed in the review of the literature, accession was expected to have a number of important implications for Greek agriculture involving the pattern of production, the volume and pattern of trade, the income of farmers, agricultural structures, and budgetary flows.

But when one considers the extent to which these factors entered into the negotiating thinking of each party, it is seen that budgetary considerations tended to overshadow all others, distorting their relative weight along the way.

As the agricultural negotiations entered their final and critical stage, it was becoming increasingly evident that what was at stake was not only the immediately discernible Greek requests as they related to Community market mechanisms for specific products. Looming above them were the broader budgetary implications of the issues on hand and the fear that the transitional arrangements offered could tilt the financial balance against Greece in such a way that the burden of aid during the transitional period would largely fall on the Greek rather than on the Community budget--a situation that could easily make Greece a potential net payer to the Community budget at least for the first year after accession, if not for the whole transitional period.<sup>140</sup>

The central question raised within the above framework is the extent to which the final agreement reached was in tune with Greece's negotiating objectives. Seen in the context of the negotiations as a whole, the very conclusion of the agricultural dossier was in itself a remarkable achievement--the achievement of a journey into the bowels of a labyrinth. And although the length of transitional arrangements was a source of disappointment at home, especially the deviations from the five-year rule, the provision for the full integration of Greek agriculture as a

whole into the Community system within the general transitional period was not a mean result. At a different level, Greece's overall and largely political objective was attained: the final compromises did ensure that she would be a net beneficiary with respect to the Community budget. But when attention is focused on the specific transitional arrangements concluded, the general impression obtained is that they fell short of Greece's objectives with respect to the size of her budgetary benefits: her attempts to secure a greater participation of the Community budget immediately after accession were frustrated--though certain final Community concessions helped take the edge off this problem.

The above considerations do not exhaust the substance of the agricultural dossier: as the preceding analysis has shown, its negotiation involved a number of issues that proved both difficult and significant--not only because of agriculture's inherent technical complexities and intrinsic importance but also because of its linkages with other dossiers, the budgetary linkage being perhaps the most crucial, and with the negotiations as a whole. It is on this basis that the overall balance in the analysis of the present chapter has been established: the study of the agricultural sector does not only shed light on the specific issues that surfaced on the negotiating table but also, and perhaps more significantly, paves the way for a comprehensive assessment of the broader economic and political factors that influenced the course and outcome of the accession negotiations.



## NOTES

- 1 The data in the discussion that follows are taken from the following sources: J. Marsh, "The Impact of Enlargement on the Common Agricultural Policy," in Community of Twelve, ed. Wallace and Herreman, pp. 179-210; Ries, "Economie agricole de la Grèce"; Adrien Ries and Christa Haebler, "The Agricultural Aspects of Enlargement of the European Community: Greece," Green Europe, no. 173 (1980); Pepelasis, "Structure of Greek Agriculture," "Greek Agriculture in the EEC," and "Agricultural Sector." The same sources have been used in other sections of the present chapter, in connection with data on specific products.
- 2 Pepelasis, "Structure of Greek Agriculture," p. 156, and "Greek Agriculture in the EEC," pp. 11-12, 23-24; Hê Kathêmerinë, 12-13 February 1978, p. 13; Mitsos, "Hellada-EOK," p. 37. Cf. Ries, "Economie agricole de la Grèce," in La Grèce et la Communauté, pp. 181-82, and exposé oral, in *ibid.*, p. 196.
- 3 This estimate was based on a sample survey conducted by the National Statistical Service of Greece. An earlier sample survey carried out by the Agricultural Bank of Greece in 1977 had reached an even lower estimate.
- 4 CONF-GR/20/77, pp. 5-6.
- 5 CONF-GR/81/78, p. 3.
- 6 CONF-GR/21/77, p. 2; CONF-GR/40/77, p. 7.
- 7 Commission, "Opinion on Greek Application," p. 14, and General Considerations on Enlargement, p. 7.
- 8 CONF-GR/55/78, p. 5; CONF-GR/81/78, p. 3; CONF-GR/98/78, p. 4; MEMO-GR/19/78, p. 4.
- 9 CONF-GR/81/78, p. 3; MEMO-GR/19/78, p. 4.
- 10 CONF-GR/14/79, Addendum.
- 11 See CONF-GR/34/77, p. 7; CONF-GR/39/77, p. 7; CONF-GR/47/77, p. 2; CONF-GR/50/77, p. 4; CONF-GR/54/77, pp. 6-7; CONF-GR/60/77, p. 2; CONF-GR/65/77, p. 2; CONF-GR/70/77, p. 4.
- 12 CONF-GR/34/77, pp. 1-2.
- 13 CONF-GR/37/77, Annex, p. 2.
- 14 *Ibid.*, p. 2; CONF-GR/40/77, p. 7.

- 15 For further details on this point see Leigh, "Nine EEC Attitudes to Enlargement," pp. 50-53, and Tsoukalis, European Community and Mediterranean Enlargement, pp. 137-41, 235-37.
- 16 CONF-GR/60/77, p. 3; CONF-GR/66/77, p. 6; CONF-GR/70/77, p. 5. From the Greek point of view such products were, among others, cereals, rice, sugar, meat, and tobacco. See CONF-GR/70/77, p. 4.
- 17 CONF-GR/65/77, p. 2; CONF-GR/66/77, p. 7.
- 18 CONF-GR/55/78, pp. 3-4; CONF-GR/98/78, p. 4; MEMO-GR/19/78, p. 3; CONF-GR/111/78, Annex I, p. 8.
- 19 CONF-GR/34/77, p. 3.
- 20 CONF-GR/37/77, Annex, p. 2.
- 21 CONF-GR/39/77, p. 5.
- 22 CONF-GR/37/77, Annex, p. 3; CONF-GR/55/78, p. 5; CONF-GR/98/78, p. 4; MEMO-GR/19/78, p. 4; CONF-GR/101/78, p. 1. Agreement was also reached on the provision for mutual safeguard mechanisms, in accordance with Community procedures, to meet any difficulties that may arise in the agricultural sector during the transitional period. See CONF-GR/55/78, pp. 6, 10.
- 23 CONF-GR/37/77, Annex, p. 3. Cf. MEMO-GR/19/78, p. 4.
- 24 CONF-GR/39/77, pp. 6-7; CONF-GR/70/77, p. 4.
- 25 The Greek delegation noted in this respect that the Community's exports to Greece were of an order of magnitude comparable to that of its exports to Canada, Japan or Brazil. See CONF-GR/70/77, p. 5. Cf. CONF-GR/50/77, p. 7.
- 26 CONF-GR/39/77, pp. 6-7 & Annex; MEMO-GR/19/78, p. 8.
- 27 CONF-GR/101/78, pp. 6-7; MEMO-GR/19/78, p. 8.
- 28 CONF-GR/101/78, pp. 6-7.
- 29 CONF-GR/81/78, p. 4.
- 30 CONF-GR/55/78, p. 2. The products covered under the heading of agriculture were those listed in annex II of the Treaty of Rome, together with processed agricultural products not listed in it. To these should be added the products which Greece requested to be included in the above annex--cotton (not carded or combed) and pine resin.

- 31 Similarly, the analysis does not cover processed agricultural products. The negotiations with respect to these products were mainly conducted at a lower, technical level under the examination of Community secondary legislation. For the specific transitional arrangements negotiated in their case see CONF-GR/24/79, Annex I, pp. 54-68, and Act of Accession, art. 43.
- 32 Given the state of resources, and since Greece had no traditional fishing activities in the North Atlantic, the Community suggestion was that this should be reflected on the allocation of fishing quotas among member states. Greece went along with this proposal, requesting no fishing quotas in the North Atlantic at the time of the negotiations. However, she "reserved the right to make such a request if compensation for losses suffered as a result of the establishment by third countries of new zones of up to 200 miles was adopted as a principle in similar cases." See CONF-GR/24/79, p. 5.
- 33 A point that was clarified in the negotiations was the problem of Greek vessels flying third-country flags. It was agreed that upon accession such vessels would not be eligible for Community measures in favour of vessels flying a member-state flag, while catches made by them would not be regarded as of Community origin. See *ibid.*, Annex I, p. 86.
- 34 Greece agreed to apply upon accession the common structural policy in the fisheries sector but with a five-year derogation allowing certain fishing restrictions between Italy and Greece. See *ibid.*, Annex I, pp. 84-85, and Act of Accession, arts. 110-111.
- 35 MEMO-GR/9/78, pp. 1-2; CONF-GR/24/79, Annex I, pp. 82-84. These transitional measures were to follow the arrangements agreed upon for the other agricultural products.
- 36 CONF-GR/55/78, p. 10; MEMO-GR/19/78, p. 17; CONF-GR/111/78, Annex I, p. 16.
- 37 CONF-GR/55/78, p. 11; MEMO-GR/19/78, p. 18.
- 38 CONF-GR/13/79, p. 26; CONF-GR/14/79, p. 10.
- 39 CONF-GR/55/78, p. 11.
- 40 *Ibid.*, p. 12; CONF-GR/98/78, p. 17; MEMO-GR/19/78, p. 19; CONF-GR/24/79, Annex I, Addendum, p. 14; Act of Accession, art. 65, par. 1. Before finally agreeing on this point, the Greek delegation had attempted

to establish that measures having an equivalent effect to customs duties should be abolished over the transitional period at the same rate as customs duties vis-à-vis the Community and third countries. See MEMO-GR/19/78, p. 19. For a similar attempt with respect to import deposits see MEMO-GR/3/77, pp. 4-5.

- 41 CONF-GR/34/77, p. 6; CONF-GR/98/78, p. 17; MEMO-GR/19/78, p. 19; Act of Accession, art. 65, par. 1. Greece's initial request for a gradual abolition of certain quantitative restrictions during the transitional period was not accepted. See MEMO-GR/3/77, pp. 4-5; CONF-GR/55/78, p. 12; CONF-GR/98/78, p. 17.
- 42 MEMO-GR/3/77, pp. 4-5; CONF-GR/55/78, pp. 10-11; MEMO-GR/19/78, p. 17; CONF-GR/111/78, Annex I, p. 16; Act of Accession, arts. 64, par. 1, and 65, par. 1. An exception was made in the case of beef and veal, for which the progressive abolition of customs duties on imports was to be effected in five annual stages of 20% each, at the beginning of each marketing year following accession (see Act of Accession, art. 64, par. 1).
- 43 CONF-GR/55/78, p. 10; MEMO-GR/19/78, p. 17; CONF-GR/111/78, Annex I, p. 16.
- 44 CONF-GR/98/78, p. 15; MEMO-GR/19/78, p. 17; Act of Accession, art. 64, par. 1.
- 45 CONF-GR/98/78, pp. 15, 28; MEMO-GR/19/78, p. 17; CONF-GR/24/79, Annex I, Addendum, pp. 23-24, 32-33; Act of Accession, art. 64, par. 3.
- 46 CONF-GR/98/78, p. 15.
- 47 MEMO-GR/19/78, p. 18; CONF-GR/14/79, p. 4.
- 48 CONF-GR/24/79, Annex I, Addendum, p. 14.
- 49 MEMO-GR/3/77, p. 5; CONF-GR/34/77, p. 6; CONF-GR/55/78, p. 11; MEMO-GR/19/78, p. 17; Act of Accession, art. 64, par. 2(a).
- 50 CONF-GR/98/78, p. 16; MEMO-GR/19/78, p. 18; CONF-GR/13/79, p. 26; CONF-GR/14/79, p. 11; Act of Accession, art. 64, par. 2(b).
- 51 CONF-GR/98/78, pp. 16-17; MEMO-GR/19/78, pp. 18-19; CONF-GR/111/78, Annex I, p. 17; CONF-GR/14/79, p. 7. According to the mixed method under (b), the components of the two duties are determined as follows: the basic duty is gradually reduced to zero from its initial level, while the target duty is gradually

increased from zero to its final level, both movements following the agreed timetable. The same method was also applied in the case of industrial products.

- 52 CONF-GR/34/77, p. 6; MEMO-GR/19/78, p. 19. This principle was to apply in the case of imports as well as of exports.
- 53 MEMO-GR/1/77, p. 2; MEMO-GR/3/77, p. 5; CONF-GR/4/77, p. 1.
- 54 CONF-GR/55/78, p. 12.
- 55 MEMO-GR/19/78, p. 20. This list is presented in Annex II of CONF-GR/98/78.
- 56 CONF-GR/98/78, p. 18; CONF-GR/111/78, Annex I, p. 19. The agreed list of restricted products (Annex II of CONF-GR/98/78) reappears in Annex III of CONF-GR/111/78.
- 57 MEMO-GR/19/78, p. 20; CONF-GR/24/79, Annex I, Addendum, p. 16.
- 58 CONF-GR/98/78, p. 18; CONF-GR/111/78, Annex I, p. 19.
- 59 CONF-GR/24/79, Annex I, Addendum, p. 15.
- 60 MEMO-GR/3/77, p. 5. Cf. MEMO-GR/1/77, p. 9.
- 61 CONF-GR/34/77, p. 7; CONF-GR/55/78, p. 13; CONF-GR/111/78, Annex I, p. 20.
- 62 CONF-GR/55/78, pp. 13-14; MEMO-GR/19/78, p. 21.
- 63 CONF-GR/55/78, p. 14; MEMO-GR/19/78, p. 20; Act of Accession, art. 117, par. 2. It was agreed that these procedures and principles would also be applied by Greece in adopting the Community system of generalized preferences with respect to agricultural products, as well as any autonomous suspension granted by the Community. See CONF-GR/55/78, p. 15; CONF-GR/98/78, p. 22; MEMO-GR/19/78, p. 23.
- 64 CONF-GR/55/78, p. 15; MEMO-GR/19/78, p. 21.
- 65 Quite apart from these points, the question of Greece's trade relations was also raised in connection with her fishery agreements. The Community reserved the right to propose the denunciation of these agreements before they expired, while allowing at the same time for the possibility of incorporating Greek fishing rights into the existing Community agreements with the third countries in question. However, if an existing agreement between Greece and a third country

was kept in force after accession, it was not to be renewed when it expired but replaced by the corresponding Community agreement. See CONF-GR/24/79, Annex I, p. 82.

- 66 CONF-GR/55/78, p. 15; MEMO-GR/19/78, p. 21. As an exception to this rule, Greece was allowed to retain the quota of red wine granted autonomously to her by Switzerland (CONF-GR/98/78, p. 20).
- 67 CONF-GR/55/78, p. 14.
- 68 MEMO-GR/19/78, p. 21.
- 69 CONF-GR/14/79, p. 4.
- 70 CONF-GR/98/78, p. 21.
- 71 Ibid.
- 72 MEMO-GR/19/78, p. 22; CONF-GR/111/78, Annex I, p. 22.
- 73 MEMO-GR/1/77, p. 8; MEMO-GR/11/78, p. 1 & Annex.
- 74 CONF-GR/98/78, p. 22.
- 75 CONF-GR/11/77, p. 10.
- 76 MEMO-GR/19/78, p. 23; CONF-GR/111/78, Annex I, p. 23 & Corrigendum 1.
- 77 CONF-GR/34/77, p. 4; CONF-GR/55/78, p. 7.  
Cf. CONF-GR/101/78, pp. 1-2.
- 78 CONF-GR/37/77, Annex, p. 3.
- 79 CONF-GR/6/76, p. 9; MEMO-GR/3/77, p. 1;  
CONF-GR/20/77, p. 5.
- 80 CONF-GR/55/78, p. 4.
- 81 CONF-GR/34/77, p. 4; CONF-GR/55/78, pp. 5, 8.
- 82 CONF-GR/55/78, p. 5; CONF-GR/98/78, pp. 4-5.
- 83 CONF-GR/98/78, p. 5.
- 84 CONF-GR/100/78, pp. 1, 3; CONF-GR/101/78, p. 1.
- 85 CONF-GR/6/76, pp. 6, 9; CONF-GR/81/78, p. 3;  
CONF-GR/101/78, pp. 1-2; MEMO-GR/19/78, pp. 4-5.
- 86 MEMO-GR/3/77, pp. 1, 3; CONF-GR/20/77, p. 5;  
CONF-GR/81/78, p. 4; CONF-GR/101/78, pp. 1-2.
- 87 MEMO-GR/3/77, p. 1; CONF-GR/101/78, p. 2.

- 88 CONF-GR/101/78, p. 2.
- 89 MEMO-GR/19/78, p. 7.
- 90 CONF-GR/111/78, Annex I, p. 8; Act of Accession, arts. 59, par. 2, and 73. Prior to accepting the final compromise, the Greek delegation had offered a six-year transitional period, limited to processed tomatoes and fresh peaches and subject to the following conditions: (a) the same six-year transitional period would apply to livestock products and milk products; (b) for certain products for which immediate, or almost immediate, application of the CAP provisions presented no problem, the immediate arrangement to be adopted should provide that the price plus aid would constitute the norm price and intervention price. See CONF-GR/110/78, pp. 1-2.
- 91 CONF-GR/14/79, Addendum; CONF-GR/24/79, Annex I, Addendum, p. 19; CONF-GR/31/79, Annex p. 3. In this as in other instances, it is useful to refer back to the initial statement of the Greek delegation during the opening of the negotiations; it helps place in the proper perspective a number of negotiating points, such as the one presently considered. See CONF-GR/6/76, pp. 8-9.
- 92 Greece's considerable stocks of certain agricultural products--especially cereals, tobacco, olive oil, and sugar--arising from the Government's policy of market regulation could interfere after accession with the management of the Community markets concerned. An agreement was accordingly reached for the elimination of these stocks by Greece prior to accession. Upon accession, any remaining stocks apart from normal carry-over quantities would have to be eliminated according to Community procedures, with Greece incurring the cost of their disposal and management. See CONF-GR/98/78, p. 44; MEMO-GR/19/78, pp. 38-39; CONF-GR/111/78, Annex I, p. 31; Act of Accession, art. 71. (Exceptionally, any stocks of tobacco and hops coming from harvests prior to accession were to be entirely eliminated. See CONF-GR/31/79, Annex, p. 5; Act of Accession, art. 88.)
- 93 CONF-GR/55/78, p. 9; CONF-GR/81/78, p. 4; CONF-GR/98/78, p. 9; MEMO-GR/19/78, p. 13; CONF-GR/13/79, p. 7; CONF-GR/14/79, p. 3; Act of Accession, art. 59, par. 1; Final Act, joint declaration on the joint examination procedure of the annual changes in prices of agricultural products in Greece during the period prior to accession. Greece's preference was for the reference period to be as close as possible to the year of accession. See MEMO-GR/19/78, p. 13; CONF-GR/14/79, p. 3.

- 94 CONF-GR/55/78, p. 9; Act of Accession, art. 58, par. 2.
- 95 CONF-GR/55/78, p. 9; CONF-GR/81/78, p. 4; CONF-GR/98/78, p. 9; MEMO-GR/19/78, p. 13; CONF-GR/111/78, Annex I, p. 10; Act of Accession, art. 59, pars. 1, 3, 4.
- 96 CONF-GR/98/78, pp. 5, 9; MEMO-GR/19/78, pp. 6, 8, 14; CONF-GR/14/79, p. 4; Act of Accession, art. 60. (Article 60 also provides for an immediate price alignment if the price in Greece or the price on the world market for a given product is higher than the Community price.)
- 97 CONF-GR/98/78, p. 9; CONF-GR/13/79, p. 8; CONF-GR/14/79, p. 4; CONF-GR/24/79, Annex I, Addendum, p. 5.
- 98 MEMO-GR/19/78, p. 14.
- 99 CONF-GR/55/78, p. 8; CONF-GR/98/78, p. 7; MEMO-GR/19/78, p. 9; CONF-GR/111/78, Annex I, p. 9; CONF-GR/14/79, p. 2; CONF-GR/24/79, Annex I, Addendum, p. 3; Final Act, declaration by the Hellenic Republic on monetary questions.
- 100 CONF-GR/98/78, p. 12; MEMO-GR/19/78, p. 14; Act of Accession, art. 61, par. 1.
- 101 CONF-GR/98/78, pp. 12-14; MEMO-GR/19/78, pp. 14, 16; Act of Accession, arts. 61 (pars. 1, 2, 3(b)), 62.
- 102 CONF-GR/81/78, p. 4.
- 103 CONF-GR/110/78, p. 6; CONF-GR/14/79, p. 9.
- 104 CONF-GR/13/79, p. 22; CONF-GR/24/79, Annex I, Addendum, p. 17; Act of Accession, art. 61, par. 5 (this article also provides for the possibility of derogation from this rule). For Greece's objections and counterproposals see MEMO-GR/19/78, p. 15; CONF-GR/110/78, p. 6; CONF-GR/14/79, p. 9.
- 105 Special rules were also established in the case of pigmeat, poultrymeat, and eggs. See CONF-GR/98/78, p. 14; MEMO-GR/19/78, p. 15; CONF-GR/108/78, p. 5.
- 106 CONF-GR/98/78, p. 13; CONF-GR/101/78, p. 5; MEMO-GR/19/78, pp. 14-15; CONF-GR/108/78, p. 5; CONF-GR/111/78, Annex I, p. 13; CONF-GR/13/79, p. 22; CONF-GR/14/79, p. 9; CONF-GR/24/79, Annex I, Addendum, p. 17.
- 107 CONF-GR/110/78, pp. 3, 5; CONF-GR/14/79, p. 8.



- 108 MEMO-GR/19/78, p. 13; CONF-GR/110/78, p. 5;  
CONF-GR/14/79, p. 8.
- 109 CONF-GR/13/79, p. 18.
- 110 CONF-GR/110/78, p. 3; CONF-GR/24/79, Annex I,  
Addendum, p. 16; Act of Accession, art. 75.
- 111 CONF-GR/6/76, p. 9; MEMO-GR/3/77, p. 2;  
CONF-GR/20/77, p. 5; MEMO-GR/19/78, p. 38.
- 112 CONF-GR/34/77, p. 5; CONF-GR/98/78, p. 43;  
CONF-GR/13/79, p. 20; CONF-GR/14/79, p. 8. In a  
further attempt, the Greek delegation reformulated  
its position requesting a standard reduction in the  
accession compensatory amounts with respect to these  
products. Apparently, however, this proposal was  
not taken up in the negotiations. See CONF-GR/14/79,  
p. 9; CONF-GR/24/79, Annex I, Addendum.
- 113 CONF-GR/98/78, p. 11; MEMO-GR/19/78, p. 11;  
CONF-GR/111/78, Annex I, p. 11; Act of Accession,  
art. 68, par. 2.
- 114 CONF-GR/55/78, pp. 6, 9; MEMO-GR/19/78, p. 10;  
CONF-GR/14/79, p. 2; Act of Accession, art. 69,  
par. 1.
- 115 CONF-GR/98/78, p. 8; CONF-GR/13/79, p. 6.
- 116 MEMO-GR/19/78, pp. 12, 17; CONF-GR/13/79, p. 6;  
CONF-GR/14/79, pp. 3, 8; CONF-GR/24/79, Annex I,  
Addendum, p. 9.
- 117 CONF-GR/24/79, Annex I, Addendum, p. 27.
- 118 CONF-GR/98/78, p. 8; MEMO-GR/19/78, p. 10;  
CONF-GR/24/79, Annex I, Addendum, pp. 3, 27, 29-31;  
CONF-GR/29/79, Annex, annex 1; Act of Accession,  
art. 69; Final Act, joint declaration on the procedure  
for the joint examination of national aids granted  
by the Hellenic Republic in the field of agriculture  
during the period prior to accession. The Greek  
national aids, together with the corresponding cri-  
teria applicable in each case, are listed in annex 2  
(pp. 12-25, 27) of the Annex of CONF-GR/29/79 (the  
conclusions reached with respect to table grapes  
appear on p. 27 of annex 2). In the particular case  
of fertilizers, national aid was to be maintained on  
a temporary basis--without, however, hampering the  
progressive liberalization of trade or the abolition  
of exclusive import rights for this product category,  
on which an agreement was reached under the customs-  
union chapter. See CONF-GR/24/79, Annex I, annex 1,  
Addendum, p. 30; CONF-GR/29/79, Annex, annex 1, p. 9  
& annex 2, pp. 22. Cf. also MEMO-GR/1/78, pp. 4-5.

- 119 CONF-GR/24/79, Annex I, Addendum, p. 4. See also Act of Accession, arts. 69 (par. 1), 70 (pars. 1, 2(b)).
- 120 CONF-GR/98/78, p. 8; MEMO-GR/19/78, p. 10; CONF-GR/111/78, Annex I, p. 9; CONF-GR/24/79, Annex I, Addendum, p. 31; Act of Accession, arts. 68, par. 2, and 69, par. 1. Greek aids to which corresponded similar but lower Community aids are listed in annex 2 (p. 26) of the Annex of CONF-GR/29/79, together with the criteria applicable in each case.
- 121 CONF-GR/98/78, p. 11; MEMO-GR/19/78, p. 12; CONF-GR/111/78, Annex I, p. 11; Act of Accession, art. 68, par. 2.
- 122 CONF-GR/98/78, p. 11; MEMO-GR/19/78, p. 12; CONF-GR/13/79, pp. 4-5; CONF-GR/14/79, p. 3; CONF-GR/24/79, Annex I, Addendum, p. 4; Final Act, joint declaration on sugar, milk products, olive oil and products processed from fruit and vegetables. Rules were also laid down for products subject to a production refund, such as cereals for starch production; in their case, the amount of the refunds would be calculated on the basis of the differences between Greek and Community prices during the transitional period. See CONF-GR/98/78, p. 11; MEMO-GR/19/78, p. 12; CONF-GR/111/78, Annex I, p. 11.
- 123 CONF-GR/101/78, pp. 2-3; MEMO-GR/19/78, pp. 11, 16, 23-25; CONF-GR/111/78, Annex I, p. 24 & Annex II, p. 3; MEMO-GR/1/79, pp. 2, 9; CONF-GR/24/79, Annex I, p. 12 & Addendum, p. 6.
- 124 CONF-GR/101/78, p. 5; CONF-GR/110/78, p. 2; CONF-GR/13/79, p. 17; CONF-GR/14/79, p. 7.
- 125 CONF-GR/24/79, Annex I, Addendum, p. 26.
- 126 Ibid. See also Final Act, joint declaration on sugar, milk products, olive oil and products processed from fruit and vegetables.
- 127 CONF-GR/100/78, p. 2; CONF-GR/101/78, p. 3.
- 128 CONF-GR/101/78, p. 4.
- 129 CONF-GR/111/78, Annex I, p. 26; Final Act, joint declaration on sugar, milk products, olive oil and products processed from fruit and vegetables.
- 130 MEMO-GR/3/77, pp. 4-5; CONF-GR/20/77, p. 5; MEMO-GR/10/77, p. 1. The Greek delegation also intended to submit a specific request with respect to alcohol; but, given that at the time of the negotiations a Community proposal was also under way

for this product, the submission of the Greek request was postponed and, apparently, finally cancelled.

See MEMO-GR/3/77, pp. 4-5; CONF-GR/34/77, p. 5;

MEMO-GR/10/77, p. 8.

131 MEMO-GR/10/77, p. 9.

132 MEMO-GR/3/77, p. 4; MEMO-GR/10/77, pp. 6-8;

CONF-GR/98/78, p. 35; CONF-GR/101/78, p. 5.

133 In addition to the protocol, see also CONF-GR/34/77, p. 5; CONF-GR/98/78, p. 35; CONF-GR/101/78, p. 5; MEMO-GR/19/78, pp. 27, 32-33; CONF-GR/108/78, p. 3; CONF-GR/110/78, p. 2; CONF-GR/111/78, Annex I, p. 27; CONF-GR/14/79, pp. 12-13; CONF-GR/24/79, Annex I, Addendum, pp. 20-22.

134 CONF-GR/34/77, p. 5; MEMO-GR/10/77, pp. 1-3; CONF-GR/98/78, p. 25; CONF-GR/101/78, p. 5. The Greek delegation made another alternative proposal, according to which the existing common organization of the market for fresh fruit & vegetables would be adapted to suit the nature of the products in question; this, however, was clearly regarded by Greece as a choice inferior to her main proposal. See MEMO-GR/10/77, pp. 1-3.

135 MEMO-GR/19/78, p. 26; CONF-GR/108/78, p. 3; CONF-GR/110/78, p. 3; CONF-GR/111/78, Annex I, p. 24; CONF-GR/14/79, pp. 6, 13.

136 MEMO-GR/19/78, p. 26; CONF-GR/24/79, Annex I, Addendum, p. 13.

137 CONF-GR/98/78, pp. 24-26; CONF-GR/108/78, p. 3; MEMO-GR/19/78, p. 26; CONF-GR/111/78, Annex I, p. 24; Act of Accession, arts. 65, par. 2, and 70.

138 MEMO-GR/3/77, p. 4; CONF-GR/34/77, p. 5; CONF-GR/14/79, p. 9; CONF-GR/24/79, Annex I, Addendum, p. 18. As an alternative solution, Greece proposed the adoption of special measures for this product under the Community's sociostructural policy for agriculture. At a later stage, however, this proposal was also withdrawn. See CONF-GR/14/79, p. 9; CONF-GR/24/79, Annex I, Addendum, p. 18.

139 CONF-GR/34/77, p. 5; MEMO-GR/10/77, pp. 3-6; CONF-GR/13/79, p. 20; CONF-GR/14/79, p. 9; Act of Accession, art. 65, par. 2.

140 CONF-GR/100/78, pp. 2-3; MEMO-GR/19/78, p. 10; MEMO-GR/1/79, p. 2.

## CHAPTER VII

### OTHER FIELDS OF COMMUNITY ACTIVITY

In the present chapter the analysis of the conduct and outcome of the negotiations is rounded off by examining the remaining dossiers, with an emphasis on substantive issues that were resolved within the mainstream of the negotiations. As with the previous chapters, the intention is not to be exhaustive down to the last detail, since, in many instances, points that were earmarked as substantive from a legal perspective acquire in retrospect secondary significance, especially when viewed through the global prism of the negotiations as a whole. Similarly, certain dossiers which were almost entirely resolved at the technical level, i.e. within the examination of the Community secondary legislation,<sup>1</sup> are not examined below, following the methodological framework adopted in the present research.

#### A. Free Movement of Capital

While accepting the *acquis communautaire* in this field, the Greek delegation maintained that in certain cases transitional arrangements would have to be provided.<sup>2</sup> The principal justification for such arrangements was the fear of balance-of-payments difficulties, given that in recent years persistent deficits on the current account had been financed to a large extent by the entry of private capital.<sup>3</sup>

The Community recognized the need for a transitional period, agreeing with the Greek side that its length should generally be five years and be equally applicable in the case of transitional measures as in the case of temporary derogations.<sup>4</sup> Although the Community's preference was clearly on the side of transitional measures involving gradual liberalization, it was recognized that liberalization could not be gradual in certain cases (such as those involving various investments by Greek residents made in the member states of the Community) which, owing to their nature, required the adoption of temporary derogations.<sup>5</sup>

Within the above framework, a basic distinction was drawn between capital movements and current payments connected with capital movements: it was agreed that while transitional arrangements could be justified with respect to the former, the latter had to be liberalized upon accession, following the provisions of the Treaty of Rome (article 67, paragraph 2).<sup>6</sup> This in turn led to the question of blocked funds belonging to Community residents. The negotiators agreed on specific rules for their gradual liberalization over a five-year transitional period; but the requirement remained that since current payments connected with capital movements had to be liberalized upon accession, they could not be credited to blocked funds.<sup>7</sup> The analysis that follows focuses on different types of capital movements and their specific problems as identified and resolved in the negotiations.

### 1. Direct Investments

Two cases were distinguished and negotiated separately under this heading: direct investments by Greek residents made in the member states of the Community and direct investments by Community residents made in Greece.

With respect to the first case, the Community accepted the Greek request for a five-year temporary derogation for the liberalization of the investments in question, on the understanding that Greece would proceed from the date of accession towards a substantial relaxation of the rules governing them.<sup>8</sup> On the other hand, current payments connected with such direct investments made prior to accession had to be liberalized upon accession, following the agreed general principle previously noted.<sup>9</sup>

The case of direct investments made by Community residents in Greece involved a more complex set of questions and a greater effort on the part of the two sides towards a compromise solution. The difficulties centered not on postaccession investments, which were to be liberalized immediately upon entry,<sup>10</sup> but on investments made prior to accession and the repatriation of the corresponding capital and profits.

In the initial Greek position both capital and profits were treated symmetrically: the request was for a five-year temporary derogation for their complete liberalization. With a line of defence based on balance-of-payments difficulties, the Greek delegation wanted profits

accruing from direct foreign investments to be credited to blocked accounts and freed for export after the transitional period. Similarly, capital was to be liberalized for repatriation only after the five-year transitional period, thus allowing for the retainment within the transitional period of the existing system of partial liberalization of foreign capital and profits as it had evolved within the framework of Greece's postwar foreign-investment policy.<sup>11</sup>

The difficulties encountered in this area of the negotiations stemmed from the differences between the two sides in their treatment of capital vis-à-vis profits and of capital vis-à-vis capital gains. The Community rejected the Greek position and, referring once more to its general principle, distinguished between profits and capital: profits had to be liberalized immediately upon accession; capital, although not allowed to be restricted within a temporary derogation, could be liberalized progressively within transitional measures.<sup>12</sup> While recognizing the relevance of Greece's worries with respect to her balance of payments, the Community also saw benefits accruing to Greece from such liberalization, especially due to its positive effects on the general investment climate in Greece.<sup>13</sup> The Community view coincided with an easing of Greece's demands, in particular with her willingness to move away from temporary derogations and towards progressive transitional measures.<sup>14</sup> However, this was not enough for a final agreement to be secured.

For even though Greece had accepted the Community view on profits, her willingness to accept the Community view on capital did not extend to capital gains--much to the Community's disagreement, its requirement being that capital and capital gains be treated inseparably.<sup>15</sup>

In the final agreement reached, following a compromise proposal by the Greek delegation, separate treatment was accorded to Community investments made after 12 June 1975, i.e. after the date of Greece's formal application to join the Community, and to investments made before that date; the former category of investments was to be completely liberalized upon accession, while the latter was to be the subject of a three-year temporary derogation, both categories covering equally capital as well as capital gains.<sup>16</sup>

## 2. Investments in Real Estate

The dividing line in the debate on this topic was once more the distinction between investments and income accruing from such investments, with a further distinction between Greek residents and Community residents.<sup>17</sup>

With respect to real-estate investments made by Greek residents in another member state, a special category that had to be singled out was investments by workers emigrating to another member state under the free-movement-of-labour provisions. Although it was easily agreed that the proceeds of their liquidation would be immediately



liberalized upon accession, the question of exactly which groups of workers were covered under this category presented certain complications.<sup>18</sup> Fearing balance-of-payments repercussions, the Greek delegation wanted to exclude from this liberalization capital transfers by self-employed workers, thereby limiting it to employees only.<sup>19</sup> The Community, on the other hand, regarded this distinction as running counter to Community rules--a position on which the Greek delegation had to concede.<sup>20</sup> However, its criticisms were mainly centered on those capital transfers connected with the free establishment of workers, whether employed or self-employed, in another member state--willing, in the final compromise reached, to accept limitations within temporary derogations on other kinds of capital transfers by self-employed Greek residents who emigrate.<sup>21</sup> This solution coincided with the granting of similar transitional derogations for the liberalization of real-estate investments made in another member state by Greek residents in general, quite apart from the above special categories.<sup>22</sup>

Turning now to Community residents, their real-estate investments made in Greece were distinguished between those made prior to accession and those to be made after accession. While the latter were to be immediately liberalized, the former were to be liberalized progressively over a five-year transitional period, with the proceeds of their liquidation credited to blocked funds and freed over the transitional period.<sup>23</sup> Agreement on this point did not come without criticism of the Greek

delegation's line of argument which, while raising once more the balance-of-payments issue, was not in a position to quantify the magnitude of the difficulties involved under the hypothesis of an immediate liberalization.<sup>24</sup>

On the question of income accruing from real-estate investments made before accession by Community residents, the Greek delegation attempted to establish a five-year transitional arrangement, only to be opposed by the Community on grounds of principle, since such income (whether derived from preaccession or postaccession investments) was a current payment and as such had to be liberalized immediately upon accession.<sup>25</sup>

The above analysis has focused on various issues raised in connection with capital movements under articles 67 et seq. of the Treaty of Rome. To complete it, mention should also be made of the agreement reached with respect to operations in securities, whereby the existing system (which banned Greek residents from operating in securities in another state) would be liberalized after a five-year temporary derogation.<sup>26</sup> However, the negotiations under the present dossier were not confined to matters strictly related to capital movements but also covered questions on invisible transactions falling under article 106 (paragraph 3) and annex III of the Treaty of Rome. In the final agreement reached, all such transactions were to be liberalized upon accession--with the exception of tourist allowances for Greek residents for which five-year transitional

arrangements were accepted, leading gradually and progressively to their total liberalization.<sup>27</sup>

Looking at the dossier on capital movements as a whole, a common theme that stands out is Greece's repetitive signalling of potential balance-of-payments dangers should liberalization proceed immediately. Assuming that the magnitude of such a danger was indeed significant, one is impressed by the Greek delegation's lack of supporting evidence--which brings once more in the discussion a recurrent theme observed in the course of the negotiations. The mere presentation of the Greek position without the rallying of hard facts and estimates proved once more an inadequate line of defence, no matter how real the problem or how eloquent its statement. This weakness, which unfortunately was never fully driven home, coupled with the Community delegation's often-observed tendency to hold on to a rigid and narrow interpretation of the Community rules and regulations, meant that political manoeuvres could easily evaporate on the negotiating table if they lacked the support of solid evidence.

#### B. Right of Establishment and Freedom to Provide Services

Along with Greece's acceptance of the *acquis communautaire* in this field came her willingness to align upon accession her legislation with the corresponding Community legislation.<sup>28</sup> The intended elimination of discriminatory restrictions on Community nationals--while retaining them in most cases with respect to third-country

nationals--covered both existing general or "horizontal" restrictions and specific restrictions on certain occupations.<sup>29</sup> Greece's commitment to such liberalization was limited, naturally, to those areas where the Community had, at the time of the negotiations, established common coordinating measures for occupations; for any new Community acts that might be adopted during the intervening period up to the date of accession, Greece was offered a three-year transitional period for applying them.<sup>30</sup> Obviously, these transitional arrangements affected only the application of common coordinating measures and not the principle of eliminating restrictions with respect to nationality and residence--a principle which held on the basis of articles 52 and 59 of the Treaty of Rome and was therefore immediately applicable for all activities covered by article 52.<sup>31</sup>

Within the acceptance of the above framework, the Greek delegation withdrew most of the reservations that it had placed during the examination of Community secondary legislation, a major exception being its reservations relating to the security zones.<sup>32</sup> The problem centered on the existence of restrictions on foreign nationals for real-estate transactions, imposed by Greece in its frontier regions for reasons of security and defence. Despite objections by the Community delegation, which could not see exactly how such discrimination against Community nationals could be justified in the name of national defence, the Greek delegation reserved the right

to continue applying such restrictions--though on a more narrow "control zone" along its northern borders--in accordance with articles 48 and 52 of the Treaty of Rome.<sup>33</sup>

### C. Social Policy

#### 1. Free Movement of Workers

The introduction of the free movement of Greek workers within the Community as a principle to be immediately applicable upon accession was the essence of the Greek delegation's opening position in this dossier.<sup>34</sup> However, as the negotiations progressed, it became clear that the Greek side could not hope for such an arrangement. Faced with serious social and economic problems connected with the presence of large numbers of foreign workers within its territory at a time of economic recession and high unemployment, the Community was not willing to extend freedom of movement to Greek workers without any constraints. It was Germany that had the most serious reservations on this matter given that it was the recipient of the vast majority of Greek migrant workers entering the Community (in 1971 the corresponding figure was 98%).<sup>35</sup> Referring to Greek demographic trends as well as to the state of the employment market in Europe, the Community delegation insisted that freedom of movement of workers should be extended to Greece only within the maximum transitional arrangements.<sup>36</sup> This being its position on the general principle, the Community was nevertheless willing to offer immediate application upon accession of certain

specific provisions relating to the elimination of discriminatory treatment of workers from Greece and the granting of employment priority to Greek workers over workers from third countries (though not over Community workers). Although these arrangements meant that the status of the Greek workers already employed in member states would be improved as from accession, they fell short of equalizing it with the status of workers from the existing member states.<sup>37</sup>

Quite apart from these considerations, the Greek Government continued to press for the free movement of workers--its insistence on this matter stemming to a large extent from a concern with public opinion at home and the fear that its acceptance of a transitional constraint on such an important principle of Community policy would be exploited by the opposition. In an effort to show that the Community reservations were exaggerated, the Greek delegation reacted by pointing to the recent trend (the 1973-76 average) of the inflow of Greek workers returning home being almost double their outflow;<sup>38</sup> and by alluding to the fact that the Community's fears lay not with Greek workers but with Portuguese and Spanish ones--the Greek issue being used as a front against the setting of precedents vis-à-vis the future enlargement of the Community.<sup>39</sup> (The Commission's Opinion on the Greek application for membership and its views on enlargement contained in the Fresco provide an interesting contrast in this respect.<sup>40</sup>) This argument could easily be extended to cover the

Community's (especially Germany's) fears with Turkish workers, given the association provision for their free movement by the end of 1986. According to a study by the German Development Institute,

only if it is possible to achieve a restriction of the free movement of labour vis-à-vis the Applicant Countries, would it also be possible to come to terms with Turkey on an extension of the time-table for the realization of free movement of labour.<sup>41</sup>

Greece even considered adopting a retaliatory move, by threatening to draw back from its agreement on the immediate application of the Community provisions on the freedom of establishment and freedom to provide services and to request transitional arrangements similar to the ones requested by the Community in the present case--the argument being that two legally equivalent principles, i.e. freedom of movement and freedom of establishment, should be governed by equivalent transitional arrangements.<sup>42</sup> However, her efforts brought no signs of a favourable outcome. According to the final compromise, it was only at the end of a seven-year transitional period that freedom of movement of workers would be achieved (except for certain provisions which, as already mentioned, would be immediately applicable upon accession).<sup>43</sup> And as it proved, this arrangement could only scrape the surface of the problem, not adequate by itself to alleviate member states' fears (Germany's in particular) of the impact that Greek accession might have on the social front. (Germany had in fact initially insisted for a twelve-year transitional period before finally agreeing with the common

position of the Nine for an eight-year period.<sup>44</sup>) What was needed in addition was an escape-valve; and it was provided in the form of a joint declaration annexed to the Final Act:

The enlargement of the Community could give rise to certain difficulties for the social situation in one or more Member States as regards the application of the provisions relating to the free movement of workers.

The Member States declare that they reserve the right, should difficulties of that nature arise, to bring the matter before the institutions of the Community in order to obtain a solution to this problem in accordance with the provisions of the Treaties establishing the European Communities and the provisions adopted in application thereof.<sup>45</sup>

Although the agreement reached on the free movement of workers was based on the principle of reciprocity, with Greece expected to make similar arrangements for workers of the other member states and their families,<sup>46</sup> the burden of adjustment clearly weighed more heavily on Greek workers and their families.

## 2. Other Aspects of Social Policy

In a number of areas the Community secondary legislation was readily accepted by the Greek delegation without any need for transitional arrangements or other specific requests. These related to equal pay for and equal treatment of men and women, vocational training, occupational hygiene, programmes and studies relating to the combatting of poverty, social research, and the rules governing the European Social Fund.<sup>47</sup>

On the question of the Social Fund, given that the applicability of its rules was a matter that could



not be contested, the crucial issue was not one that belonged to the negotiating table; it concerned instead Greece's potential effectiveness in absorbing credits from the Fund's resources. This is a point linked with the broader financial implications of Greek accession, and as such it belongs to a study that goes beyond the confines of the present research. What should be noted in the present context is the inherent weakness of the various budgetary projections made at the time of the negotiations: estimates of Social Fund assistance are especially difficult to make, since they are usually based on comparisons of unemployment levels among member countries involving different definitions of unemployment and difficulties in assessing the role of underemployment.<sup>48</sup> Furthermore, given the rules governing the Fund, Greece's absorption prospects were rather limited. The allocation of its resources is not based on fixed and predetermined national quotas (in contrast to a large part of the European Regional Development Fund) but varies with the quality and relevance of the projects submitted for consideration. This meant that the extent of Greece's ability to benefit from the Fund's operations would depend primarily on the ability to restructure her administrative machinery and government expenditure.<sup>49</sup> The situation improved considerably with the adoption of the new orientations of the Social Fund in October 1983; but the internal organizational weaknesses remain as serious a bottleneck as ever.

Turning now to the negotiating issues that surfaced in the course of the examination of the Community secondary legislation, it is observed that the main difficulties arose in connection with the social security for migrant workers.<sup>50</sup> Like in other areas of Community activity, the main issue under this topic was the alignment of Greek legislation on the corresponding Community legislation.

At first sight, Greece's overall legislative framework did not seem to pose any serious problems of adjustment, since the Greek social-security system laid down the principle of nondiscrimination with respect to nationality. (An exception to this rule pertained to seamen, who had to be of Greek nationality to be eligible for social-security coverage. Greece intended to abolish this provision upon accession.)<sup>51</sup> However, when specific provisions came to be considered, they proved to be a source of considerable bargaining, especially in connection with Regulation 1408/71 concerning the elimination of discrimination in the application of social-security schemes, which eventually led to the establishment of certain temporary derogations in favour of the Community<sup>52</sup> but also to certain adjustments eagerly sought by the Greek delegation. Although farmers were not covered by this Regulation, its legal basis limiting it to wage-earning workers, it was Greece's contention that Greek farmers should be brought within its scope.<sup>53</sup> In the final compromise, given the underlying aim of the social-security regulations to protect the freedom of movement of workers, the Conference

agreed to amend Regulation 1408/71 so as to cover all Greek agricultural workers insured by the State who have left or leave Greece to take up employment in another member country.<sup>54</sup>

The Conference also resolved certain additional issues raised by the Greek delegation and relating mostly to the above Regulation--namely, family allowances under Greek law,<sup>55</sup> early retirement pensions for workers engaged in arduous or unhealthy occupations,<sup>56</sup> and bilateral conventions or agreements.<sup>57</sup>

#### D. Regional Policy

The debate under the regional-policy dossier centered not so much on matters relating to the European Regional Development Fund (ERDF) as on the regional aspects of Community competition policy. No special arrangements were requested in connection with Greece's participation in the Regional Fund, given that the relevant *acquis communautaire* left little negotiating scope. As Papaligouras underlined in his opening statement, "Greece seeks nothing which is not in accordance with [Community] rules and criteria already applied;"<sup>58</sup> in other words, Greece was willing to have her percentage ERDF quota determined on the basis of the common allocative criteria introduced at the time of the initial percentage distribution of the Fund's resources in 1975.<sup>59</sup>

The question of the Greek ERDF share was not discussed in the course of the accession negotiations. Since the Fund Regulation was due for reexamination, Greece's

share was to be determined together with the new revised shares of the other member states during the interim period.<sup>60</sup> On the basis of the new allocation of the Fund's national quotas, finally agreed in December 1980 after three months of considerable debate, the Greek share was fixed at 13%--as against 15% that the Commission had initially proposed. However, this was seen as a provisional solution, enabling Greece to participate in the ERDF as from accession while postponing the more thorough and substantial review of the Fund Regulation for approximately one year.<sup>61</sup>

It is interesting to note that although the Commission proposals for the Greek share were based on certain economic criteria (different from the ones employed in 1975), the concluding compromise should more realistically be seen as a political, ad hoc solution. This is not surprising, since the same scenario had occurred at the time of the Fund's establishment, when the Commission's formally determined allocative criteria had to be watered down by political "corrective" factors. Whether Greece would have benefitted from a stricter adherence to formal rules remains an open question. What is certain, however, is that the Community's ultimate decision to exclude from its calculations the Athens-Piraeus area meant, quite apart from other considerations, that Greece had to accept a lower share than she had hoped for. Curiously enough, it was the Greek Government itself that had undermined its own position: the virtual exclusion of the Athens-

Piraeus industry from the recently revised Greek regional-aid scheme provided the Commission with the *raison d'être* for the exclusion of these areas from its final quota calculations.

Important as it may be, the exclusion of these areas was by no means the central problem. Hidden behind it were much broader issues relating to the regional aspects of the Community's competition policy. For what the Greek delegation was in effect aiming at was the designation of Greece as a single region in need of development and as a maximum-aid area from the point of view of the Community scheme for the coordination of state regional aids.<sup>62</sup> The maximum-aid request was implicit in the request for a Community declaration recognizing the importance of state aids for Greece's industrialization and economic development--which in turn became the nucleus of Greece's position in seeking such a declaration in the form of a protocol to be inserted in the instruments of accession.<sup>63</sup>

Greece's strategy was to have her national aids interpreted as regional aids. It would then take a short step to defend their consistency with the spirit of article 92 (paragraph 3 (a)) of the Treaty of Rome, according to which state aids may be considered to be compatible with the common market if they are necessary for the economic development of an area with a low standard of living.<sup>64</sup> The rationale behind this approach becomes clear when one recognizes that, with almost half of the Greek industry being located in the greater Athens-Piraeus area, such an

interpretation would enhance Greece's hopes to retain certain horizontal aids (such as tax incentives for industrial exports) after accession.<sup>65</sup>

What throws additional light on Greece's position is the way in which her regional problems reveal a strikingly different picture when seen from a national as opposed to a Community perspective. Within a national framework, it is reasonable to draw dividing lines among areas and apply a differentiated system of regional aids to them, distinguishing developed areas (such as greater Athens and Attiki) from underdeveloped ones (e.g. Epirus). From a Community perspective, however, such a distinction, though still valid, becomes secondary to the fact that it is the whole of Greece that needs to be developed vis-à-vis the rest of the European Community.<sup>66</sup> Substantial as the internal regional differences may be, they tend nevertheless to be less pronounced than the differences in living standards that exist between Greece as a whole and the EEC average--all the more so given the widening gap between rich and poor Community regions.

Greece's acceptance of the Community principles and rules of competition involved no adjustments or transitional arrangements.<sup>67</sup> And of course, the compatibility of Greek state aids with these rules was not subject to negotiations but a matter that could only be settled after accession, since the review of a member state's system of state aids was the task of the Commission, empowered by the Treaty of Rome to request for any necessary adjustments

in the national aid system or the discontinuation of national aids, as the case may be.<sup>68</sup> Although not publicly admitted, such a prospect was a source of considerable concern for Greece; nevertheless, past experience did suggest that the exercise of this power was tempered in practice with a certain degree of flexibility and discretion.<sup>69</sup> In turn, this was closely connected with the question of which regions and zones of the national territory would be eligible for ERDF assistance. Although they were limited under the existing Fund Regulation to those regions in which the member states applied their regional-aid systems, and thus determined in the first instance by the member states themselves, it was ultimately up to the Commission to assess the social and economic grounds for such a demarcation, on the basis of articles 92 et seq. of the Treaty of Rome and the compatibility of the national schemes with the Community rules.

Taken as a whole, these considerations underline the fact that Greece's efforts for the designation of the whole country as a single development area within the enlarged Community did not constitute an issue that could possibly be negotiated with the Council but rather one to be examined with the Commission after accession. This is in sharp contrast with the treatment that Greece received under her Association Agreement, which expressly recognized the whole of the country as a special development area. However, given that Greece had negotiated her Association Agreement with the Commission and not with

the Council, one cannot easily set up the two cases for comparison, let alone rely on the association experience as precedent for the accession negotiations as the Greek delegation attempted to do.<sup>70</sup> Since the association provision was envisaged as a ten-year transitional arrangement, the link between the two cases had become too weak after fifteen years of rapid development of the Greek economy and equally rapid evolution of the Community in the fields of regional policy and competition policy. But even if such a link could theoretically be established, the Community was reluctant to recognize it, since so much more was at stake on the negotiation table with accession than with association.

The only hope then left for Greece was to secure a "framework" protocol within the instruments of accession recognizing the country's special problems of industrialization and hence the importance of state aids for its economic development. In fact, the Greek delegation's efforts focused on the acceptance of a protocol identical to the one negotiated by Ireland.<sup>71</sup>

The Community had no difficulty in agreeing to such a protocol. An early evidence of this attitude can be traced to the Commission's Opinion on the Greek application for accession which contains such a suggestion.<sup>72</sup> What was effectively recognized with such a protocol was that articles 92 et seq. of the Treaty allowed for a flexible interpretation in so far as their application was concerned, so as to take account in the case of Greece



of one of the Treaty's essential objectives as enshrined in its Preamble--namely, the harmonious development of the economies of the member states through the reduction of their regional disparities.<sup>73</sup>

An extension of this position was that Greece's requirements for industrialization and development would be duly considered within the means and procedures envisaged in the Treaty. At the same time, however, the Community maintained that the protocol should also include a statement to the effect that the application of the Community rules on state aids should not be compromised and that the Commission's postaccession assessment of Greece's regional development zones should not be prejudiced.<sup>74</sup> Given that such a statement was not included in the Irish case, Greece insisted that it should not appear in the text of her protocol: although the principle to which the statement referred was not questioned, it was argued that its inclusion in the protocol might compromise Greece's freedom of policy choices within the limits of Community law--Greece having the option, theoretically, not to resort to a designation of regional zones in the first instance.<sup>75</sup> In the final compromise reached, the controversial passage was excluded from the relevant text, in which it was simply recognized that

in the application of Articles 92 and 93 of the EEC Treaty, it will be necessary to take into account the objectives of economic expansion and the raising of the standard of living of the population.<sup>76</sup>

As the postaccession experience revealed, the protocol did provide a basis for defending Greece's

interests and development prospects within the Community, though the extent of its adequacy in this respect remains an open question. And looking at the Irish experience-- in particular the relative ease with which Ireland was eventually recognized as a single, maximum-aid development area--one cannot help wondering whether the Irish and Greek protocols might be different in their substance even though identical in their textual surface. The fact that a Community regional policy was at a prenatal stage during the previous enlargement negotiations, allowing for an additional degree of freedom in the relevant discussions, lends support to this view. Furthermore, the Irish protocol was supplemented with a Community and an Irish Declaration, inserted in the 1972 Final Act. Although they roughly correspond to a similar exchange of positions between the Community and Greek delegations in the course of the Greek negotiations, the fact remains that the Greek documents of accession do not contain such formal declarations.

#### E. Transport Policy

The examination of Community secondary legislation with respect to transport revealed a limited number of substantive issues, which were settled rather painlessly in the negotiations. The two major problems arose from the special geographical location of Greece vis-à-vis the rest of the Community, i.e. from the absence of common frontiers and the consequent need for all road traffic to and from Greece to pass through Yugoslavia and Austria.

Firstly, Greece wanted to have the part of the road journey through the transit countries ignored or "neutralized" for the purpose of applying Community arrangements for the liberalization of transport, in the same way that sea transit was neutralized under the previous enlargement negotiations.<sup>77</sup> Secondly, Greece wanted the Community to engage in negotiations with Yugoslavia and Austria with a view to facilitating the passage of traffic through their territory, thus ensuring that the Community liberalization measures with respect to access to the market in road transport would be properly applied and that Greece would not be at a disadvantage vis-à-vis the rest of the Community.<sup>78</sup>

Greece's request for the neutralization of its road transit was not accepted; as the Community noted, Greece's situation was not unique, already existing in connection with Community transit traffic through Switzerland and Austria.<sup>79</sup> On the other hand, this left room for dealing with some of the Greek difficulties after accession.<sup>80</sup> With respect to the second request, the Community agreed to initiate negotiations with the transit countries after the signature of the instruments of accession; the negotiation procedure to be followed would be the same as the one concluded under the dossier on external commercial relations in connection with preferential agreements.<sup>81</sup>

Greece was also granted grace periods ranging in length from one to four years for the application of certain Community acts on transport.<sup>82</sup>

#### F. Economic and Financial Affairs

The European Unit of Account (EUA) that had recently been created presented the negotiators with the problem of the inclusion of the Greek drachma in the EUA basket. This was the main substantive issue identified under the present dossier during the examination of the relevant Community secondary legislation.<sup>83</sup>

The establishment of the EUA was one of the first steps towards monetary stability in Europe. For the attainment of this objective, the EUA had to be used in all fields of Community activity, while its composition had to be kept as stable as possible. This latter requirement meant that the value of the national currencies making up the EUA basket should be determined on the same basis in all the member states' currency markets. Since the national-currency value of the EUA is calculated each day by applying to each fixed national-currency amount making up the basket the official market exchange rate, the first problem facing Greece stemmed from the lack of a foreign exchange market and of official drachma quotations on the exchange markets of the Community (the drachma exchange rates were being fixed by the Bank of Greece). It was the Community's view that this problem came first; once solved, the question of including the drachma in the EUA basket could then be settled before the end of the maximum transitional period.<sup>84</sup>

Greece objected to this position, seeing no reason why the drachma could not be included in the EUA basket from the date of accession, given her commitment to have

an exchange market operational by then.<sup>85</sup> In the words of the Greek delegation,

the principle that the drachma should not be treated differently from the currencies of the other Member States is a consequence of Greece's equality of status with the other Member States.<sup>86</sup>

The drachma's relative weight in the EUA basket was to be very small, not exceeding 2% according to the Commission's calculations--which meant that a 5% change in the value of the drachma would affect the value of the EUA in the various currencies by only 0.1%. Hence, since the economic and monetary implications of the inclusion or noninclusion of the drachma in the EUA were expected to be minimal, it is not surprising to find such a technical matter being approached purely as a question of principle with hardly any economic debate.

According to the final compromise, and on the assumption of the drachma rate being determined in foreign exchange markets, the drachma would be effectively included in the EUA basket during the five-year transitional period if the basket (following the Community provisions) were to be reviewed during this period, and in any event by the end of the transitional period at the latest.<sup>87</sup> Since there was no obligation to join the European Monetary System (EMS), the Conference did not discuss this question.<sup>88</sup>

#### G. European Coal & Steel Community

Certain ECSC issues conceptually linked with others belonging to different dossiers have been examined in previous chapters (as, for example, in the case of ECSC external-relations issues, examined in chapter V in connection

with the dossier on external commercial relations.) On the other hand, a number of points relating to the ECSC were negotiated in a manner that paralleled the handling of corresponding points under the EEC dossiers, especially those on industrial customs union and external commercial relations.<sup>89</sup> To the extent that the agreements reached on these issues simply echoed similar agreements under dossiers already examined, the present analysis economizes on such duplications by simply noting them.

In this context, the following are the most important of such "duplicate" agreements: (1) intra-Community customs duties and charges having equivalent effect on ECSC products would be abolished reciprocally following the same transitional period and the same progressive schedule as in the case of residual import duties applied by Greece towards the Community on EEC products (the twenty-two-year list); (2) Greek import duties would be aligned on the ECSC unified tariff within the same transitional period and the same progressive schedule as in the case of the alignment of Greek import duties on the CCT.<sup>90</sup> The existence of such similarities does not imply that agreement on the above ECSC issues was reached effortlessly. In fact, the Greek initial positions were in many respects at substantial variance with the Community point of view. But the solutions negotiated under the customs-union dossier had created precedents strong enough to suggest that sooner or later the Greek ECSC positions would have to be aligned with them.

A further case of parallel treatment concerned the Greek systems of import deposits and cash payments: they were to be progressively abolished, with respect to ECSC imports from both the Community and third countries, over the same transitional period and under the same technical arrangements as in the case of EEC industrial products. It should be noted, however, that the similarities are confined to the case of import deposits and cash payments: in contrast to the detailed negotiations with respect to EEC industrial products, all remaining measures having equivalent effect to quantitative restrictions and applying to ECSC products were grouped together and negotiated en bloc, with both sides agreeing to abolish them upon accession. In a similar fashion, they both agreed to eliminate upon accession their respective quantitative restrictions.<sup>91</sup>

In addition to the above issues, the negotiators were faced with certain problems connected with Greece's application of the ECSC price rules. Based on the principle of nondiscriminatory<sup>92</sup> and transparent pricing, the Community price-list system requires that, for any one product, each producer publishes a price established on the basis of a single parity point; thus, variations in transport charges are reflected in the delivery price, which includes such charges.<sup>93</sup> However, the pricing system that Greece proposed was quite a different one: given her geographical location, she wanted more than one basing point to be related to price. What her request amounted to was

something very close to a "flat-rate" system according to which transport charges would be equalized, delivery price remaining fixed.<sup>94</sup>

The Community accepted the Greek proposal as a five-year temporary derogation. At the same time it recognized that during the transitional period it would be necessary to adopt a complementary measure: Community producers would not be allowed to lower their delivery prices and align them on the Greek delivery price with respect to products actually produced in Greece at the time of accession--although they would be permitted to align their delivery prices in Greece (1) on their price lists with respect to other products and (2) on delivery prices in Greece charged by third countries for the same products.<sup>95</sup> It is worth noting that these transitional arrangements were similar to those negotiated at the time of the previous enlargement.<sup>96</sup>

The above analysis of specific issues that were raised under the ECSC dossier should be complemented with an examination of certain broader aspects of the ECSC negotiations.

There were two sides to the problem of Greece's accession to the ECSC: the integration of the Greek iron & steel industry into the ECSC and its development within the framework of the development of the Community iron & steel industry. On this basis, Greece was ready to accept the relevant *acquis communautaire* but with certain



transitional arrangements.<sup>97</sup> In her view, the need for transitional arrangements was deemed even more pressing on account of two factors: the Association Agreement made no provisions for ECSC products, and hence there was never any attempt to align Greek policies with Community ones; and compared to the Community industry, the Greek iron & steel industry was underdeveloped, limited in size (its production of primary steel amounted to less than 1% of Community production) and mainly geared to the internal market, lacking domestic sources of fuel and raw materials, and operating at below capacity--a capacity that was considered insufficient for the future needs of the economy.<sup>98</sup>

Although the Community did recognize that transitional arrangements were necessary in the ECSC chapter, it was not prepared to grant them to the extent requested by the Greek delegation.<sup>99</sup> In the Community view, Greece's proposals would end up securing for her iron & steel industry such a special position within the Community industry, that there would in effect be two separate policies, one for Greece and one for the rest of the Community.<sup>100</sup> This became particularly evident when the question of the application of the Community's exceptional anti-crisis measures was raised: the Greek request amounted to a reservation of position on any future developments of Community secondary legislation until accession which might restrict the development possibilities of the Greek iron & steel industry.<sup>101</sup>

The Community's opposition to the Greek proposals did not come as a surprise, given that the steel sector was just as sensitive for the Community as for the Greek economy. In its view, transitional arrangements should not end up favouring Greece but should aim at striking a balance of reciprocal advantages, given that Greece stood to benefit upon accession from improved access to the Community market as well as from access to ECSC funds and to the Community price system.<sup>102</sup> It was furthermore argued that the size of the Greek iron & steel industry could not justify transitional arrangements to the extent requested by Greece, since this would be discriminatory to other member states with an industry of similar size.<sup>103</sup>

Although the Greek delegation did not accept the Community's reasoning, noting in particular that it was the state rather than the size of the Greek industry that had to be used for comparisons, it was nevertheless forced to temper its various requests for transitional arrangements and come to an eventual compromise on this issue.<sup>104</sup> In particular, many of the Greek requests involving non-progressive temporary derogations for a five-year period had to yield to progressive transitional arrangements commencing upon accession.<sup>105</sup>

Quite apart from the question of the nature and extent of transitional arrangements, the Greek delegation was eager to initiate immediately a technical dialogue with the Community on the development of the Greek iron & steel industry and its outlook within the general ECSC

objectives and restructuring policy.<sup>106</sup> The Community delegation, on the other hand, was reluctant to open such a dialogue concurrently with the accession negotiations, wanting evidently to avoid its linkage with the negotiations for transitional arrangements. In the final compromise, it was agreed that the dialogue would be conducted within the general consultations procedure during the interim period; and that its conclusions would be taken into account in the formulation of Community policy after accession.<sup>107</sup>

#### H. European Atomic Energy Community

The EAEC dossier was negotiated rather swiftly: it raised only a few, easily resolved problems, and thus required only two position papers by each side for its completion. Leaving aside institutional issues, which together with similar issues relating to the EEC and ECSC were examined as a separate dossier, the only problems identified and resolved in the course of the negotiations related to Greece's preaccession international obligations, health protection, certain confidentiality procedures, and capital movements.<sup>108</sup>

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The present chapter completes Part Two of the thesis. The detailed examination of the negotiation dossiers leads to the general conclusion that while an analysis of the relevant documents may help establish the pattern and sinuous record of the negotiations, it throws

little light on the reasoning behind the detailed positions held by each side and their motivations in taking a firm or a weak line as they converged towards compromise solutions. This is a natural outcome of three factors: (1) the essentially technical nature of the internal structure of the negotiations, mainly concerned with adjustments to the *acquis communautaire* through transitional arrangements rather than with changes in it; (2) the emphasis of the Greek delegation on speed, often at the expense of careful analysis and detailed argumentation; and (3) the ironing out of differences among member states through intra-Community negotiations, leading to common positions that revealed little more than the tip of the iceberg.

Given these limitations, it has proved more meaningful to interpret the negotiating behaviour of each side at an aggregate level, considering each dossier integrally. In this manner, the overall view of the negotiations developed in chapter II complements the sectoral analysis undertaken in chapters III-VII--although the broad contours traced in the former inevitably become blurred at the more detailed level of the latter.

Up to now the negotiations have been examined as a self-contained system. In Part Three the analysis is expanded to consider certain wider themes, within which the Greek experience is viewed as one segment in the historical continuum tracing the widening process of European integration. In doing so, certain external factors are integrated in the mainstream of the analysis as major

determinants of the overall progress and outcome of the negotiations. Within this framework, chapter VIII investigates the causal link between Greece's association and accession regimes (quite apart from the historical link examined in chapter I) while chapter IX places the Greek negotiations in the context of the Community's process of enlargement, both old and new.

## NOTES

- 1 These dossiers were the following: environment & consumer protection, approximation of laws, rules of competition, research & energy, and informatics & statistics.
- 2 CONF-GR/29/77, p. 1. The implication of the Greek position was that apart from the transitional arrangements proposed, Greece was prepared to liberalize upon accession all the other capital movements appearing in lists A and B of the Directive of 11 May 1960 (implementing article 67 of the Treaty of Rome), as supplemented and amended by the Directive of 18 December 1962. See CONF-GR/36/77, p. 3; CONF-GR/6/78, p. 2.
- 3 CONF-GR/29/77, p. 1.
- 4 CONF-GR/6/78, p. 3; CONF-GR/97/78, p. 10; MEMO-GR/18/78, p. 6; CONF-GR/111/78, Annex I, p. 6.
- 5 CONF-GR/6/78, p. 3. The negotiators adopted specific temporary derogations but left for the interim period the problem of how to eventually apply the liberalization or relaxation measures which had been deferred. See Act of Accession, art. 49, par. 2, and Final Act, in 1979 Documents of Accession, p. 192.
- 6 CONF-GR/6/78, p. 2; CONF-GR/12/78, p. 4; CONF-GR/13/78; CONF-GR/20/78, Annex, p. 2; CONF-GR/50/78, Annex I, p. 8.
- 7 CONF-GR/29/77, pp. 5-6; CONF-GR/6/78, pp. 8-9; CONF-GR/7/78, p. 9; CONF-GR/10/78, Annex I, pp. 3-4; CONF-GR/97/78, p. 10; CONF-GR/8/79, p. 2; CONF-GR/9/79, p. 1. The arrangements negotiated for the gradual liberalization of blocked funds by equal annual installments proved rather difficult to comply with. (The same progressive liberalization system was also to apply for the liberalization of direct investments made in Greece before accession by Community residents. See CONF-GR/12/78, p. 2; CONF-GR/13/78, p. 2.)
- 8 CONF-GR/29/77, pp. 1-2; CONF-GR/6/78, p. 4; CONF-GR/7/78, p. 2.
- 9 CONF-GR/9/79, p. 3; Secrétariat Général du Conseil, "Projet de position de la Communauté lors de la 23ème session de la Conférence au niveau des Suppléants (Bruxelles, 28 mars 1979): Mouvements de capitaux," document interne no. 28, 12 March 1979; CONF-GR/24/79, Annex I, p. 35.
- 10 CONF-GR/29/77, p. 2; CONF-GR/45/77, p. 2; MEMO-GR/4/77, p. 1.

- 11 CONF-GR/29/77, p. 2; CONF-GR/45/77, pp. 2-4; MEMO-GR/4/77, p. 1; CONF-GR/7/78, pp. 2-5; CONF-GR/13/78. The existing Greek arrangements governing foreign investment could be broken down into three regimes: (a) investments covered by Decree no. 2687/1953, (b) investments made under decisions of the Monetary Committee, and (c) investments made without legal procedure. See CONF-GR/29/77, pp. 2-5.
- 12 CONF-GR/6/78, p. 5; CONF-GR/12/78, pp. 2, 4.
- 13 CONF-GR/6/78, p. 5.
- 14 CONF-GR/7/78, pp. 2-5.
- 15 Ibid., p. 5; CONF-GR/13/78; CONF-GR/20/78, p. 2 & Annex, pp. 1-2; CONF-GR/21/78, p. 2; CONF-GR/50/78, Annex I, p. 8.
- 16 CONF-GR/25/78, p. 3; CONF-GR/39/78, pp. 1-2; CONF-GR/40/78, p. 1; CONF-GR/97/78, p. 10; MEMO-GR/18/78, p. 6; MEMO-GR/19/78, p. 8; CONF-GR/111/78, Annex I, p. 6. It was understood that the liberalization arrangements covered all investments irrespective of the Greek regime applied to them. See CONF-GR/39/78, p. 2; CONF-GR/50/78, Annex I, p. 2.
- 17 The Greek delegation had initially insisted on a distinction on the basis of nationality but eventually accepted the Community view that the only acceptable criterion was the residence of the person involved. See CONF-GR/29/77, pp. 5-6; CONF-GR/6/78, p. 8; CONF-GR/7/78, p. 8; CONF-GR/13/78, p. 3.
- 18 CONF-GR/29/77, p. 5.
- 19 CONF-GR/7/78, pp. 6-7.
- 20 CONF-GR/45/77, p. 3; MEMO-GR/4/77, p. 1; CONF-GR/12/78, p. 3; CONF-GR/13/78, pp. 2-3.
- 21 CONF-GR/20/78, p. 3; CONF-GR/50/78, Annex I, p. 4.
- 22 CONF-GR/29/77, p. 5; CONF-GR/6/78, p. 7; CONF-GR/10/78, Annex I, p. 3.
- 23 CONF-GR/29/77, p. 5; CONF-GR/45/77, p. 3; MEMO-GR/4/77, p. 1; CONF-GR/6/78, pp. 7-8; CONF-GR/7/78, pp. 7-8; CONF-GR/10/78, Annex I, p. 3.
- 24 CONF-GR/45/77, p. 4; CONF-GR/6/78, p. 7.

- 25 CONF-GR/29/77, pp. 5-6; CONF-GR/6/78, p. 8;  
CONF-GR/7/78, pp. 7-8; CONF-GR/10/78, Annex I, p. 3;  
CONF-GR/12/78, p. 4; CONF-GR/50/78, Annex I, p. 8.  
The Community requirement related to income accruing  
after accession; income accruing before accession  
was to be subject to preaccession procedures. See  
CONF-GR/6/78, p. 8.
  
- 26 CONF-GR/29/77, p. 6; MEMO-GR/4/77, p. 1;  
CONF-GR/6/78, p. 10; CONF-GR/10/78, Annex I, p. 4.  
As an exception, operations in securities issued  
by the Communities and the EIB were to be liberalized  
progressively over a five-year period on the basis  
of specific arrangements. See CONF-GR/6/78, p. 10;  
CONF-GR/7/78, p. 9; CONF-GR/13/78, p. 3; CONF-GR/20/78,  
p. 3; CONF-GR/21/78, Annex II, p. 3; CONF-GR/8/79,  
p. 3; CONF-GR/9/79, pp. 1-2; CONF-GR/18/79, Annex I,  
p. 15.
  
- 27 CONF-GR/29/77, p. 7; CONF-GR/6/78, p. 11;  
CONF-GR/7/78, p. 10; CONF-GR/97/78, p. 10;  
CONF-GR/8/79, p. 4; CONF-GR/9/79, pp. 2-3; Secrétariat  
Général du Conseil, "Questions à examiner à la suite  
de la 22ème session de la Conférence au niveau des  
Suppléants du 20 février 1979: Projet de position  
de la Communauté en ce qui concerne les mouvements  
de capitaux," document interne no. 15, 28 Feb. 1979,  
p. 1; CONF-GR/24/79, Annex I, p. 35. The Greek dele-  
gation made an unsuccessful attempt to establish  
another exception, involving a five-year transitional  
period for the liberalization of contributions by  
subsidiary companies and branches to the overhead  
expenses of their parent companies situated abroad.  
See CONF-GR/29/77, p. 7; MEMO-GR/4/77, p. 2;  
CONF-GR/45/77, p. 6; CONF-GR/6/78, p. 11;  
CONF-GR/7/78, p. 10; CONF-GR/10/78, Annex I, p. 5;  
CONF-GR/12/78, p. 5; CONF-GR/13/78, p. 4.
  
- 28 CONF-GR/30/77, pp. 3-13.
  
- 29 Ibid., pp. 4-13. Greece's horizontal restrictions  
related to (a) entry, residence, and access to a self-  
employed occupation; (b) participation of foreigners  
in the administration of associations; (c) preventive  
detention of foreign nationals; (d) deportation and  
legislation on drugs and narcotics. Specific re-  
strictions, on the other hand, related to the follow-  
ing activities and occupations: cinematography,  
representatives of the import and export trade, stock-  
brokers, brokers in the commodity markets of Piraeus  
and Salonika, civil contract agents, customs officials,  
emigration agents, agencies or branches of foreign  
limited-liability companies including banks, in-  
surance companies, public-works contractors, the medi-  
cal profession, lawyers, architects, civil engineers,



electrical engineers, surveyors, mineral-extractive industries, and shipping. See CONF-GR/30/77, pp. 4-13. (In the case of credit institutions, the implementation by Greece of the relevant Community legislation required certain adjustments and adaptations so as to specify the Greek institutions which were to be excluded from its scope. See MEMO-GR/2/79; CONF-GR/29/79, Annex, pp. 3-5; Final Act, in 1979 Documents of Accession, p. 189.) In the course of the examination of Community secondary legislation, certain complications arose in connection with doctors. In particular, Greece's requirement for doctors to exercise their profession in rural areas for a specified period was seen by the Community delegation as being essentially discriminatory and hence incompatible with the relevant Community legislation. The Greek delegation reluctantly admitted this point, agreeing to apply immediately upon accession (with certain necessary technical adjustments) the Community legislation on doctors. See CONF-GR/30/77, p. 10; CONF-GR/35/77, p. 2; CONF-GR/37/77, p. 3; MEMO-GR/6/78, pp. 1-2; MEMO-GR/17/78; CONF-GR/24/79, Annex I, pp. 71-72.

30 CONF-GR/30/77, p. 14; CONF-GR/35/77, p. 2.

31 CONF-GR/35/77, p. 2; CONF-GR/24/79, Annex I, p. 71.

32 CONF-GR/30/77, p. 19.

33 Ibid., pp. 14-17; CONF-GR/35/77, p. 3; CONF-GR/24/79, p. 4. The control zone was to be up to 9.5 km wide along the whole length of the northern frontier, corresponding to 4.05% (maximum) of the total area of Greece; this zone would border on a "prohibited" zone up to 0.5 km wide, reserved for construction of defence works and restricted to Greek and Community nationals alike. See CONF-GR/30/77, pp. 14-17.

34 CONF-GR/26/77, p. 2.

35 Hassid, Hellênikê Biomêchania kai EOK, 1:298.

36 CONF-GR/81/78, pp. 5-6; CONF-GR/99/78, pp. 3-4 & Addendum 1; CONF-GR/108/78, p. 6.

37 CONF-GR/99/78, pp. 4-5 & Addendum 1; MEMO-GR/20/78, p. 5; CONF-GR/111/78, Annex I, p. 33; CONF-GR/24/79, Annex I, pp. 7-8.

38 CONF-GR/81/78, pp. 5-6. For other, secondary arguments of the Greek delegation in support of its position see *ibid.* and MEMO-GR/20/78, pp. 2-3. The number of Greek workers in W. Germany was approximately 155,000 in 1977 as against the peak level of approximately 270,000 in 1972. For an exposition of the

view that the immediate extension of free movement of labour to Greece would result in small movements only in either direction see St. Mellingos, "Hê Eleutherê Diakinêse tôn Ergazomenôn kai hê Entaxê stên E.O.K." [The Free Movement of Workers and the Accession to the EEC], in EOK: Themata Koinotikês Politikês (EEC: Community Policy Issues), by G. Giannopoulos et al. (Athens: Hexantas, 1979), pp. 141-95. (The data on Greek workers in W. Germany are taken from this source, p. 193.)

- 39 MEMO-GR/20/78, p. 3.
- 40 Cf. Commission, "Opinion on Greek Application," p. 16, and Economic and Sectoral Aspects, pp. 141-45.
- 41 Jürgen Wiemann, "The Free Movement of Labour in the Enlarged EC," in Acceding Countries of Southern Europe, p. 121. See also Kohler, "Germany and Further Enlargement," pp. 205-6.
- 42 MEMO-GR/20/78, pp. 3-5.
- 43 CONF-GR/110/78, p. 6; CONF-GR/111/78, Annex I, pp. 32-33. See also Final Act, in 1979 Documents of Accession, p. 190. Agreement on a seven-year transitional period was reached amidst certain confusion as to the exact import of the transitional arrangements. As initially recorded, "freedom of movement within the Community cannot be achieved until after the transitional period" (CONF-GR/111/78, Annex I, p. 33). This statement was later interpreted to mean "by the end" of the seven-year transitional period (CONF-GR/23/79, p. 1); in its final version, freedom was to be achieved "at the end" of the seven-year period (CONF-GR/24/79, p. 1). Over the same period, Greece was also to be integrated into the Community clearing mechanism for employment vacancies and applications. See CONF-GR/99/78, p. 5; MEMO-GR/20/78, p. 5; CONF-GR/111/78, Annex I, p. 34; Act of Accession, art. 47.
- 44 The Economist, 21 October 1978, p. 69.
- 45 Final Act, in 1979 Documents of Accession, p. 186. See also CONF-GR/24/79, Annex I, pp. 8-9.
- 46 CONF-GR/99/78, p. 5; MEMO-GR/20/78, p. 5.
- 47 CONF-GR/6/76, p. 8; CONF-GR/26/77, pp. 5-6.
- 48 See Commission, Economic and Sectoral Aspects, pp. 94-95.
- 49 For a detailed analysis of this and related issues see Mitsos et al., Proschôrêse stis Eurôpaïkes Koinotêtes, pp. 186-94.

- 50 CONF-GR/64/78.
- 51 CONF-GR/26/77, p. 2. Cf. Commission, "Opinion on Greek Application," p. 16.
- 52 CONF-GR/100/78, p. 2. For a brief analysis of these derogations see Mitsos et al., Proschôrêsê stis Eurôpaïkes Koinotêtes, pp. 178-79.
- 53 CONF-GR/26/77, pp. 2-4; CONF-GR/99/78, pp. 6-7. The Greek proposal referred to farmers covered under the state insurance scheme OGA (Agricultural Insurance Organization) who are either salary-employed or working part-time on their own plot of land. See CONF-GR/26/77, p. 3.
- 54 CONF-GR/99/78, p. 7; MEMO-GR/20/78, p. 5.
- 55 On the basis of the agreement reached, a three-year transitional period was set for the equal treatment of Greek workers and other Community workers with respect to the payment of family allowances for family members not resident in the worker's country of employment. Furthermore, from the date of accession, Greece would pay to Community nationals working in Greece whose families reside in the other member states the family allowances envisaged under Greek legislation. See CONF-GR/26/77, p. 5; CONF-GR/99/78, pp. 8-10; MEMO-GR/20/78, p. 6; CONF-GR/24/79, Annex I, p. 9; Act of Accession, art. 48.
- 56 The Greek delegation had asked for a derogation in connection with this issue but withdrew it at a later stage in the negotiations in the face of Community reservations. For details on this point see CONF-GR/99/78, pp. 11-12; CONF-GR/24/79, Annex I, p. 10.
- 57 The Community accepted Greece's request for the retention of certain provisions of bilateral conventions concluded between Greece and certain member states, on condition that these agreements would be applied in a nondiscriminatory manner. See CONF-GR/26/77, p. 4; CONF-GR/99/78, p. 12; MEMO-GR/20/78, p. 7. Quite apart from these considerations, a separate question was raised in connection with bilateral agreements with third countries. Greece's intention was to reshape and conclude such agreements prior to accession on the same terms as the corresponding bilateral agreements concluded between the Community and third countries. The rationale behind Greece's intention was the need to sustain the inflow of certain types of short-term labour, traditionally recruited from third countries. As the Community noted, these agreements would fall under article 234 of the Treaty of Rome and would therefore have to include a revision

clause so as to resolve, after accession, any inconsistencies that they might have vis-à-vis Community law. See CONF-GR/26/77, p. 5; MEMO-GR/5/77; CONF-GR/62/77; MEMO-GR/9/77, pp. 1-2, and Annexes I & II; CONF-GR/99/78, p. 16; MEMO-GR/20/78, pp. 7-8.

- 58 CONF-GR/6/76, p. 8. See also CONF-GR/61/78, p. 1.
- 59 MEMO-GR/2/77, p. 3; CONF-GR/7/77, p. 1.
- 60 CONF-GR/57/77, p. 8; Final Act, in 1979 Documents of Accession, p. 190.
- 61 See EC, Commission, Proposal for a Council Regulation (EEC) Amending Regulation (EEC) No. 724/75 Establishing a European Regional Development Fund [COM(80) 368], 6 October 1980, and The Commission's Method of Deriving Revised Quotas under Article 2, Paragraph 3 Subhead a) of Regulation EEC 724/75. Criteria Used to Fix the Greek Quota of the ERDF [SEC(80) 1514], 20 October 1980; Council Regulation (EEC) No. 3325/80 of 16 December 1980 amending Regulation (EEC) No. 724/75 establishing a European Regional Development Fund. For a more detailed analysis of the fixing of the Greek quota see Peter J. Halstead, "The Development of the European Regional Fund since 1972" (Ph.D. thesis, University of Bath, 1982), pp. 195-98.
- 62 CONF-GR/6/76, pp. 7-8; CONF-GR/6/77, p. 1.
- 63 MEMO-GR/2/77, p. 2.
- 64 Ibid., pp. 1-2; MEMO-GR/6/77, p. 2.
- 65 CONF-GR/6/76, p. 8.
- 66 It is interesting to note the the Irish case fits into the same pattern. See, for example, EC, European Parliament, Directorate General for Research and Documentation, The Effects on Ireland of Membership of the European Communities, December 1975, pp. 34-40; Commission, Opinion on the Applications for Membership Received from the U.K., Ireland, Denmark and Norway for Submission to the Council, 1967, par. 111; "EEC's Development Regions," The Economist, 25 January 1975, pp. 16-23.
- 67 CONF-GR/7/77, p. 1; CONF-GR/68/78, Annex I, p. 6 & Corrigendum 1; CONF-GR/10/77, pp. 3-4; CONF-GR/61/78, p. 1; CONF-GR/68/78, Annex I, p. 7.
- 68 MEMO-GR/2/77, pp. 2-3; CONF-GR/10/77, p. 4; CONF-GR/61/78, p. 1; CONF-GR/68/78, Annex I, p. 7. These points were repeated in connection with Greece's application of the ECSC rules on competition--an issue

that was settled under the ECSC negotiation dossier, and one that elicited a line of rather awkward manoeuvres by the Greek delegation. According to the Greek position, if the Commission's postaccession examination were to reveal that certain Greek arrangements were incompatible with the ECSC competition rules, then Greece should be granted a five-year temporary derogation to abolish them and make the necessary adjustments; and, furthermore, the application of the ECSC rules would have to take into account the application of the EEC state-aid rules towards Greece in their regional-policy context. By their very nature, Greece's requests hardly stood any chance of being accepted, since they run counter to the basic premise that ECSC state aids are not governed by articles 92-93 of the EEC Treaty but by articles 4 (paragraph c) and 67 of the ECSC Treaty; and that, in any case, the articles of both Treaties would be immediately applicable upon accession. In this manner, the Community delegation blocked Greece's attempt to extend her special protocol so as to cover both EEC and ECSC provisions. What Greece was offered, instead, was the simple assurance that the examination of her ECSC state aids would be effected in close collaboration with the Greek government and would take into account all aspects of her problem. See CONF-GR/25/77, p. 7; CONF-GR/58/77, pp. 5-6; CONF-GR/28/78, p. 17; CONF-GR/29/78, p. 11; CONF-GR/30/78, Annex I, p. 24; CONF-GR/34/78, p. 8; CONF-GR/35/78, pp. 2, 6; CONF-GR/37/78, Annex I, p. 8; CONF-GR/41/78, p. 2; CONF-GR/42/78, pp. 1-2.

- 69 Britain's experience in this respect, in connection with its obligations under the terms of entry, is illuminating. According to article 154 of the 1972 Act of Accession, "the principles concerning the general arrangements for regional aid, . . . , shall apply to the new Member States on 1 July 1973 at the latest." However,
- "([On 20 June 1973] Mr Heath told Mr Albert Borschette, the Commissioner [for competition] . . . , over an unplanned lunch that his government could fall if Britain did not get its way over the areas in which the government is allowed by Brussels to give regional aids to industry unchecked. The result of this warning was that . . . , up against its legal deadline for decision [i.e., 1 July 1973], the Brussels Commission finally gave way to British demands" (The Economist, 30 June 1973, p. 54).
- See also The Economist, 14 August 1971, p. 36, for Ireland's approach on the question of its industrial incentives in the course of the accession negotiations.

- 71 Ibid., pp. 1-2. Without explicitly mentioning Ireland's precedent, at least in the initial formulations of its position, the Greek delegation wove into its statement, almost verbatim, passages from the Irish protocol as an indirect way of revealing its position. See MEMO-GR/2/77, p. 1. Cf. 1972 Act of Accession, protocol no. 30 "on Ireland"; 1972 Final Act, declarations on the economic and industrial development of Ireland. For the sake of retaining a historical perspective, it is worth noting that at the time of the Irish negotiations concern at home centered on whether Ireland would be treated equally with Southern Italy. This was, in fact, one of the safeguards originally put forward by Ireland's Common Market Study Group for the Government's consideration (see Ireland and the EEC: The Consequences of Monetary Union and its Effects on Peripheral Regions (Dublin: Common Market Study Group, 1972), pp. 20-21).
- 72 Commission, "Opinion on Greek Application," p. 15; MEMO-GR/2/77, p. 2.
- 73 CONF-GR/10/77, p. 3; CONF-GR/60/78, p. 5; CONF-GR/61/78, pp. 1-2.
- 74 CONF-GR/10/77, p. 3; CONF-GR/60/78, p. 5; CONF-GR/10/79, Annex.
- 75 CONF-GR/61/78, p. 2; CONF-GR/94/78, p. 1.
- 76 Act of Accession, protocol 7 "on the economic and industrial development of Greece." Cf. 1972 Act of Accession, protocol no. 30 "on Ireland." See also CONF-GR/10/79, Annex; CONF-GR/24/79, Annex I, pp. 79-80.
- 77 CONF-GR/57/77, p. 6; CONF-GR/6/79, p. 3.
- 78 CONF-GR/57/77, p. 6; MEMO-GR/10/78, pp. 1-3. The special geographical position of Greece that gave rise to these difficulties had been taken into account in the relevant provisions of the Association Agreement (art. 50, par. 1).
- 79 CONF-GR/6/79, pp. 3-4; CONF-GR/7/79, p. 1.
- 80 CONF-GR/6/79, pp. 4-5; CONF-GR/7/79, p. 1.
- 81 CONF-GR/6/79, pp. 4-6; CONF-GR/7/79, pp. 1-3. In the case of certain Community acts, such negotiations would also have to be conducted with Switzerland.
- 82 MEMO-GR/10/78, pp. 3-4; CONF-GR/6/79, pp. 7-8; CONF-GR/7/79, pp. 3-4; CONF-GR/24/79, Annex I, pp. 51-52; Act of Accession, arts. 128, 144-145, and annexes VIII, XI, XII.

- 83 CONF-GR/36/78, p. 5; CONF-GR/54/78, p. 1. Another substantive problem that was also identified and resolved in the course of the negotiations was Greece's share of the guarantee obligations relating to Community loans. According to the conditions set by Community legislation, if a debtor member state with a Community loan outstanding cannot meet the payments due, the Community is entitled to receive from the other member states the necessary foreign exchange. It was agreed that Greece should not participate in guarantee obligations relating to Community loans made prior to her accession but that she would participate in the guaranteeing of any new Community loan made after accession--which meant that the existing scale for allocating the guarantee among member states would have to be revised to include the Greek share. See CONF-GR/54/78, p. 4; CONF-GR/56/78, p. 2; CONF-GR/76/78, p. 1.
- 84 CONF-GR/54/78, p. 3; CONF-GR/86/78, p.1.
- 85 CONF-GR/56/78, p. 3; CONF-GR/76/78, p. 1.
- 86 CONF-GR/76/78, p. 1.
- 87 CONF-GR/24/79, Annex I, p. 40.
- 88 For an assessment of the interest that Greece might have in joining the EMS see Loukas Tsoukalis, "Impact on the European Monetary System (EMS)," in Second Enlargement of the EEC, ed. Seers and Vaitzos, pp. 163-75. Anna Manassakis' research should also be noted in this respect; it has been reported in a paper presented at the 1984 UACES Conference in Reading and briefly summarized in European University News, no. 134 (October 1984), p. 16. See also Yannopoulos, "Greece's 'Missed Opportunities'."
- 89 CONF-GR/17/77, p. 7; CONF-GR/54/77, p. 6.
- 90 CONF-GR/17/77, pp. 2-3, 5; CONF-GR/25/77, pp. 3-5; CONF-GR/58/77, pp. 4-5; CONF-GR/28/78, pp. 6-11; CONF-GR/29/78, pp. 6-7; CONF-GR/30/78, Annex I, p. 19; CONF-GR/34/78, pp. 4-5; CONF-GR/35/78, pp. 3-4; CONF-GR/37/78, Annex I, p. 6; CONF-GR/41/78, p. 3; CONF-GR/50/78, Annex I, p. 10 & Corrigendum 1; CONF-GR/97/78, p. 9; CONF-GR/111/78, Annex I, p. 5; CONF-GR/2/79, pp. 5-6 & Annex; CONF-GR/3/79, pp. 2-3; Act of Accession, arts. 24 (par. 1), 32 (par. 1). A slight difference did in fact exist between the CCT and ECSC-unified-tariff alignment schedules. Alignment on the CCT would begin immediately upon accession with a 10% duty reduction, followed by a further 10% reduction on 1 January 1982. On the other hand, alignment on the ECSC unified tariff would begin after a

grace period of one year--with the first duty reduction, amounting to 20%, due on 1 January 1982. Apart from this difference, the two schedules were identical, involving four annual duty reductions of 20% each. In both cases, full alignment was to be effected on 1 January 1986. (In the particular case of lignite, Greece secured some additional degree of protection for her small private lignite mines. See CONF-GR/17/77, p. 5; CONF-GR/25/77, p. 5; CONF-GR/58/77, p. 5; CONF-GR/28/78, p. 13; Act of Accession, art. 32, par. 2.)

- 91 CONF-GR/17/77, p. 3; CONF-GR/25/77, p. 4;  
CONF-GR/58/77, p. 5; CONF-GR/28/78, pp. 13-14;  
CONF-GR/29/78, pp. 9-10; CONF-GR/41/78, p. 2;  
CONF-GR/48/78, Annex I, p. 1 & Corrigendum 1.
- 92 The principle of nondiscrimination was also to be applied by both sides after accession with respect to ECSC transport conditions. See CONF-GR/25/77, p. 7; CONF-GR/58/77, pp. 6-7; CONF-GR/28/78, p. 17.
- 93 CONF-GR/25/77, p. 6; CONF-GR/28/78, p. 15.
- 94 CONF-GR/17/77, p. 4; CONF-GR/28/78, pp. 15-16.
- 95 CONF-GR/17/77, p. 4; CONF-GR/25/77, p. 6;  
CONF-GR/28/78, pp. 15-16; CONF-GR/29/78, pp. 10-11, 14;  
CONF-GR/30/78, Annex I, p. 23; CONF-GR/34/78, pp. 6-7;  
CONF-GR/35/78, pp. 5-6; CONF-GR/41/78, pp. 4-5;  
CONF-GR/42/78, p. 3; CONF-GR/97/78, p. 9;  
CONF-GR/111/78, Annex I, p. 5. The transitional arrangements that Greece was to apply to the Community with respect to list prices would also have to be applied to the EFTA countries. See CONF-GR/28/78, p. 20; CONF-GR/29/78, p. 13.
- 96 CONF-GR/25/77, p. 6; CONF-GR/29/78, p. 11;  
CONF-GR/34/78, p. 7; CONF-GR/35/78, p. 5;  
CONF-GR/41/78, pp. 4-5; CONF-GR/42/78, p. 3.
- 97 CONF-GR/6/76, p. 10; CONF-GR/17/77, p. 1.
- 98 CONF-GR/6/76, p. 10; CONF-GR/17/77, pp. 1-2;  
CONF-GR/58/77, pp. 3-4; CONF-GR/35/78, p. 2.
- 99 CONF-GR/28/78, p. 2; CONF-GR/30/78, Annex I, p. 16.
- 100 CONF-GR/34/78, pp. 1-2.
- 101 CONF-GR/28/78, p. 5; CONF-GR/29/78, p. 5;  
CONF-GR/34/78, pp. 1-2.
- 102 CONF-GR/28/78, p. 3.
- 103 CONF-GR/34/78, p. 2.



- 104 CONF-GR/35/78, p. 2; CONF-GR/37/78, Annex I, p. 5.
- 105 CONF-GR/28/78, p. 2; CONF-GR/30/78, Annex I, p. 16; MEMO-GR/18/78, p. 6.
- 106 CONF-GR/6/76, p. 10; CONF-GR/29/78, pp. 14-15.
- 107 CONF-GR/37/78, Annex I, p. 5; CONF-GR/48/78, Annex I, p. 1 & Corrigendum 1; CONF-GR/97/78, p. 10; CONF-GR/111/78, Annex I, p. 6.
- 108 The following detailed arrangements were concluded:  
 (a) Greece would respect its preaccession international obligations after accession, following the provisions of articles 105 and 106 of the EAEC Treaty (a similar arrangement was envisaged in the previous enlargement under article 5 of the 1972 Act of Accession);  
 (b) Greece was granted a twelve-month implementation period from the date of accession for the harmonization of Greek legislation with the provisions of Council Directive 76/579/Euratom; (c) a protocol was inserted in the Act of Accession on the disclosure of research results intended for restricted dissemination (in connection with article 13 of the EAEC Treaty); (d) the acquisition by Greek residents of EAEC securities and the current payments referred to in article 100 of the EAEC Treaty were to be liberalized by Greece according to the arrangements established under the EEC capital-movements dossier. An additional point touched upon in the negotiations concerned Greece's request for an eighteen-month transitional period for the harmonization of Greek legislation according to the Commission Recommendations (65/42 & 66/22 Euratom) on the implementation of the Paris and Brussels Conventions on civil liability in the field of atomic energy. This request raised no problems, given that there was no obligation on the part of Greece, in acceding to the Community, to accede to these Conventions. The analysis of the EAEC dossier is based on the following Conference documents: CONF-GR/59/77, pp. 1-2; CONF-GR/43/78, pp. 2-7; CONF-GR/44/78, p. 2; CONF-GR/50/78, Annex I, p. 11; Commission document TAG/DD/13/78, pp. 20-21 annexed to CONF-GR/21/79; CONF-GR/24/79, Annex I, pp. 37-39; CONF-GR/29/79, p. 31; Act of Accession, art. 145 & annex XII & protocol 6; Final Act, in 1979 Documents of Accession, p. 192.

PART THREE

THE WIDER FRAMEWORK

## CHAPTER VIII

### THE IMPACT OF THE ASSOCIATION AGREEMENT ON THE ACCESSION NEGOTIATIONS

#### A. The "Uniqueness" of Greece's Association Agreement

A key element that has to be taken into account when analyzing the accession negotiations is the difference in the way that each side perceived the role of the Association Agreement.

Looking at its form as well as the substance of its provisions, there can be little doubt that it was indeed a unique agreement, the first and most wide-ranging contractual arrangement of its kind, very different from classical trade agreements. Its most striking aspect was the provision for eventual full membership, making the association an ante-chamber to accession; although the relevant clause was rather vague, its very existence was a recognition, less than four years after the signing of the EEC Treaty, of the special status of Greece.

The Community's willingness to enter into such an agreement was a reflection not only of the future role that Greece could play in European integration but also of the vagueness surrounding the concept of association in the early years of the Common Market. The initial flexibility of the concept was followed by more restrictive interpretations when it came to applying it to agreements

with other countries. Even Turkey's Association Agreement, concluded two years after Greece's and on the whole regarded as equivalent to it, was more cautiously worded with respect to eventual full membership.

By considering its legal framework alone, Greece's association clearly stands out as a unique contractual arrangement. For its real significance, however, one has to examine not so much the intentions as the actual record of performance. In doing so, the uniqueness of the Agreement evaporates. Taking into account the extent of its implementation as chapter I has done, the conclusion is reached that its freezing and subsequent chequered development limited its range of action within the field of customs union. And taking further into account the erosion of preferences due to the gradual proliferation of competing trade agreements concluded between the Community and various other Mediterranean countries, one is left with a very weak agreement indeed--a far cry from what the negotiators had originally intended it to be (and in spite of article 64, according to which a balance should be preserved in the mutual interests of both parties, should negotiations proceed with another country or countries).

It was this gap between theory and reality that undermined Greece's privileged status as an associate member and provided the main justification, on the economic front, for seeking full membership. On the other hand, the more the Agreement's economic erosion was rubbed home,

the more Greece came to emphasize the uniqueness of its political dimension. And once the membership application was securely accepted and the negotiations formally opened, Greece held on to the association's blueprint of action as a hard-won precedent, an anchorage from which she intended to fight in the membership negotiations.

B. The Association Agreement within the  
Framework of the Community's  
Mediterranean Policy

While the association was seen by Greece as primarily a stepping stone to full membership, it was simply regarded by the Community as part of its policy towards the countries of the Mediterranean basin. Both approaches were of course equally valid, only that each side emphasized the aspect that was more relevant from its own perspective. And the closer the Community came to clearly defining its Mediterranean policy, the stronger was Greece's incentive to underline the link between association and accession. As explained below, this difference in the way that each side perceived the Association Agreement run through most of the negotiations and affected their conduct and outcome.

The need for a coherent Community Mediterranean policy arose out of the more or less haphazard proliferation of individual bilateral agreements. By 1973 there had emerged a complex web of economic and commercial relationships with twelve from the seventeen countries of the Mediterranean area (table 4) but hardly an overall and balanced policy towards them. The impetus to bring all these

Table 4.--European Community agreements concluded with Mediterranean countries, 1962-73

Country	Type of Agreement	Basis of Negotiation (EEC-Treaty Article)	Duration (in years)	Date of Entry into Force
Greece	A <sup>a</sup>	238	unlimited	1.11.62
Turkey	A	238	unlimited	1.12.64
Tunisia	A	238	5	1. 9.69
Morocco	A	238	5	1. 9.69
Yugoslavia	NP <sup>b</sup>	113 & 114	3	1. 5.70
Spain	P <sup>c</sup>	113	6 <sup>d</sup>	1.10.70
Israel	P	113	5	1.10.70
Malta	A	238	5 <sup>e</sup>	1. 4.71
Lebanon	P	113	5	f
Cyprus	A	238	4 <sup>e</sup>	1. 6.73
Egypt	P	113	5	1.11.73
Portugal <sup>g</sup>	P	113	unlimited	1. 1.73

<sup>a</sup>A : Association agreement.

<sup>b</sup>NP: Nonpreferential trade agreement.

<sup>c</sup>P : Preferential trade agreement.

<sup>d</sup>The agreement was meant to have at least a six-year duration, with a second stage to be determined.

<sup>e</sup>The duration of the agreement refers to the first stage. A second stage is envisaged with a five-year duration (in principle).

<sup>f</sup>The agreement was signed on 18 December 1972 but was not ratified by Lebanon, and hence did not come into force.

<sup>g</sup>Portugal is included even though not a Mediterranean country.

SOURCES: Tovas, Tariff Preferences, p. 66; EC, Commission, "Bibliographie sur les relations de la Communauté avec les pays du bassin méditerranéen," Documentation Bulletin, B/14 (February 1983):10-49.

agreements (both preferential and nonpreferential trade agreements as well as agreements of association) under a single "global" policy came from the first Community enlargement. In November 1972 the Council adopted the basic elements of such a policy, which was intended to apply not only to countries already linked with an agreement but also to countries with which negotiations were in progress at that time, leaving open the possibility of including the remaining countries of the area; furthermore, it had to be not only internally coherent but also consistent with the Community's wider external relations as well as with the Community's obligations under the GATT. However, the results of these efforts were rather limited: instead of a global policy what emerged was a "common approach" to groups of countries (such as the Maghreb and Mashreq)<sup>1</sup> coupled with an individual approach, with provisions adapted to the specific circumstances of individual countries.

Even though these policy developments left Greece's (and Turkey's) Association Agreement untouched due to its special character, the attempts to establish a global Mediterranean approach inevitably placed it in a different perspective.<sup>2</sup> The preferential access to Community markets which it envisaged with respect to certain typically Mediterranean agricultural products was increasingly limited by the similar treatment accorded to other Mediterranean countries. Quite apart from this consideration, the fact that the association was frozen during the early efforts

towards an overall Mediterranean policy meant that, despite its special nature, it could be contained more easily within the scope of such a policy. It is not surprising, therefore, that the subsequent reactivation of the Agreement amounted to little more than the conclusion of the second financial protocol. (As explained below, its limited reactivation was also due to Community tactics connected with the accession negotiations.) Within its Mediterranean policy, agriculture was the crucial issue facing the Community. The principle established was that a global approach should not undermine "Community preference," i.e. should not have an adverse impact on Community agricultural producers. The Community was accordingly not particularly keen to proceed with the harmonization of Greece's agricultural policy as envisaged in the Association Agreement. Thus, it was not only the proliferation of competing agreements that provided the economic *raison d'être* for Greece's membership bid but also the emergence, no matter how circumscribed, of a Mediterranean dimension in Community policy.

#### C. Association as a Preparatory Stage to Full Membership

Given the strength of the economic forces as well as the political motivation behind Greece's decision to seek full membership, it seems reasonable to conclude that it mattered little in the last analysis whether or not Greece's Association Agreement included a provision for eventual full membership; the opening of the negotiations did not depend on the existence of such a provision. In



fact, taking the argument a step further, it did not depend on the Agreement's existence either: the Treaty of Rome makes no distinction among applicants on the basis of their status as associates or nonassociates, the eligibility to apply for Community membership existing for any democratic European country.<sup>3</sup> After all, the fact that Spain's and Portugal's relations with the Community were of much more limited range than Greece's had little to do with the outcome of their membership applications.

Being eligible and being prepared for accession are, of course, two separate points to be considered. Accordingly, the issue that remains to be examined is the extent to which the Association Agreement contributed to Greece's readiness to join the Community. There are separate strands in this question; the discussion that follows attempts to clarify them in the light of the previous analysis.

At a formal level, one has to consider the impact of association on Greece's economic development. This point has been examined in chapter I, where it has been noted that it would be difficult, if not impossible, to attribute developments in the Greek economy to the functioning of the Association Agreement. On the other hand, even though the existing evidence may be incomplete for a watertight argument, certain general conclusions could still be drawn--if not for the economy as a whole, at least for the foreign sector--pointing to a rather positive impact of the association.

At a less formal level, one in which analysis is mixed with political-party tenets or negotiation manoeuvres, the conclusions reached are invariably pre-adjusted to fit the occasion. For example, PASOK's verdict was that the association had functioned to the detriment of the Greek economy, being in tune with Community rather than Greek interests. The same position was at times also aired by the Greek delegation--although, seen as part of a tactical negotiating position, it should be interpreted within its proper context. However, leaving aside the restricted framework from which such positions were derived, it would be difficult to counter the view generally accepted by both the Greek and Community delegations that in those few areas in which it managed to function, the Association Agreement brought Greece closer to the Community. On the other hand, the evolution of Community policies since its coming into force meant that, even if fully implemented, the Agreement's integrative effects would still be confined to those areas covered by it.<sup>4</sup>

The above discussion leads to a much broader issue: was Greece ready to join the Community? The answers to this question, as they surfaced in the debate surrounding Greece's accession negotiations, depended on the weight assigned to political factors. Thus, although the Commission had adopted the view that Greece's accession was premature, stressing in its formal Opinion the structural weaknesses of the Greek economy, the Council bypassed such reservations and opted for an immediate opening of

the accession negotiations. The real difference in the views of the two institutions lay not so much in their assessment of Greece's economic situation as in their balancing of the political considerations that such an important decision required.

#### D. The Role of the Association Agreement in the Accession Negotiations

Quite apart from any influence that the association might have exerted on Greece's move to full membership, what really mattered in the conduct of the accession negotiations was the fact that each side chose to look at the relevance of the association experience from a different angle and to assign a different role to the Association Agreement. Closely connected with this controversy, and a source of often unnecessary complications, was the debate surrounding the general principle that Greek accession would be examined on its own merits.

Although the general significance of the Association Agreement was broadly accepted by both sides at the opening of the negotiations, such a consensus hardly rose beyond a vague recognition of its importance in paving Greece's way to full membership<sup>5</sup>--a recognition that could not hide the deep-seated differences of view existing from the outset. In Van der Stoel's words,

this official opening of our negotiations is therefore much more than simply a further step along the route we mapped out in 1961. It marks a fundamental change . . . .<sup>6</sup>

The view that the accession negotiations were breaking totally new ground was not shared by Papaligouras, who

saw them tied to the Association Agreement as if with an umbilical cord that should not be severed:

Just as there is a Community patrimony, which is accepted by Greece, so the Association has also built up its patrimony.<sup>7</sup>

Greece's central premise regarding the association patrimony or "acquis d'association" was subsequently translated into specific negotiating tactics. During the initial stage of the negotiations, for example, the Greek delegation insisted in having the fields of customs union and external relations examined side by side, with issues properly belonging to the customs-union dossier appearing in the Greek position papers under the heading of external relations.<sup>8</sup> Apart from legitimate reasons of genuine overlappings between the two fields, this could be seen as an attempt to present the Association Agreement as part of the *acquis communautaire* in external relations, requiring acceptance by both sides.<sup>9</sup> The Community stayed clear from this issue, and gradually managed to separate the two dossiers.<sup>10</sup>

According to the initial formulations of the Greek view, the *acquis d'association* formed such an integral part of the *acquis communautaire*, with Greece having already accepted within the association framework the basic principles of the Treaty of Rome, that it could be conceivable for the association's institutional organs to be closely connected with the conduct of the accession negotiations:

The Association Agreement . . . provides us with appropriate instruments to facilitate our work, in particular: (a) the harmonization procedure which should

be actively continued in order to reach decisions which are immediately applicable and could go directly into the Accession Treaty; (b) the consultation procedure on the development of, for instance, the common agricultural policy and commercial policy between now and when the Accession Treaty comes into force. This procedure should be resuscitated and intensified, though with accession now in mind.<sup>11</sup>

In other words, the Greek delegation's efforts aimed at exploiting to the maximum the possibilities offered by the Association Agreement by attempting to negotiate accession issues within the association framework. This was particularly true in the case of agriculture: by progressing with the harmonization of agriculture within the association framework and by insisting on the equality of treatment between Greek and Community products, to the extent that this was attainable within the constraints of the association provisions, the Greek objective for the speedy integration of Greek agriculture into the Community system could then be approached from a more advantageous position in the course of the accession negotiations.<sup>12</sup>

The Community was careful to avoid opening two negotiation fronts by ensuring that all substantive issues that could have legitimately been raised in the process of reactivating the Association Agreement were gradually absorbed into the mainstream of the accession negotiations. Thus, even though in theory the association was to progress normally under its own rules pending the outcome of the accession negotiations,<sup>13</sup> in practice its development (especially the harmonization of agricultural policies) was virtually stalemated, the scope of its reactivation being reduced to the conclusion of the second financial

protocol and the resolution of certain outstanding technical issues. And even this limited activity was adversely affected: for two and a half years following the reactivation of the Agreement no real progress had been registered in connection with the protocol. (Without doubt, the inertia observed in the evolution of the association with respect to agricultural and financial issues was not exclusively due to Community tactics; it also reflected the Community's internal difficulties in these areas.)

Greece's strategy to enmesh the two negotiation fronts could not be sustained in the face of strong Community reactions. As the Community delegation noted, the procedures laid down by the Association Agreement for its implementation were not relevant in the present context, which called for the accession negotiations' own procedures. For problems arising out of the implementation of the Agreement, on the other hand, it was the association's procedures that had to be followed, the relevant bodies being those envisaged by it.<sup>14</sup> Nevertheless, this gave rise to a second-best approach, whereby the Greek positions in the course of the accession negotiations were to have as their common objective the salvage of the *acquis d'association* as a broadly interpreted minimum process of integration.<sup>15</sup>

Greece's repeated concern with the fate of the Association Agreement and her views on its importance were not limited to what had actually been achieved in the industrial sector but related equally to those aspects

of the Agreement that had remained inactive. It was this imbalance, particularly manifested in the trade gap between Greece and the EEC, which according to the Greek delegation had to be corrected and compensated for in the context of the accession negotiations: what was already achieved with association in the industrial sector had to be retained with membership; what was not achieved in the agricultural sector, especially the harmonization procedure, had to be taken into account and made up for in the negotiations.<sup>16</sup> What Greece was suggesting in effect was that the relevant transitional measures for her accession should be defined with reference to the provisions of the Association Agreement.<sup>17</sup>

The position adopted by the Community delegation was entirely different. Accession was seen not as the final stage of a gradual process but rather as a "qualitative leap" to a wholly new legal framework distinct from that of association; accordingly, any transitional measures to be established during the negotiations could not be a simple extension of the association provisions but should be considered on their own merits and in the light of the existing economic circumstances.<sup>18</sup>

At a formal level, mainly in ministerial sessions, the Greek delegation never accepted fully and explicitly the above Community view, continuing until the very end of the negotiations to present lofty statements in defence of the association precedents. In reality, however, as a result of a marked reorientation of its negotiation

strategy, the Greek Government had long abandoned its initial uncompromising position (in the words of one of its critics, "the Association Agreement was mutilated on the altar of accession"<sup>19</sup>). With the adoption of a more pragmatic approach--a development which has already been noted in chapter II--the road lay open for a gradual, and often painful, alignment of the Greek position on that of the Community. The Greek delegation did hold on consistently to the principle that the Association Agreement should not be ignored in the course of the negotiations, that Greece should not find herself worse off under accession than under association. But she had to live with the Community view that, though important in bringing Greece closer to the Community both politically and economically, association was qualitatively and legally distinct from accession: problems existing under association might still to some extent persist after accession, but their solutions did not need to be the same under the two regimes; both problems and solutions had to be reexamined within the new framework set by accession.<sup>20</sup>

Although specific provisions of the Association Agreement were not defensible as precedents, the Agreement as a whole could not be ignored and was crucial in differentiating Greece from the other applicant countries. In Greece's view, (1) her association was unique among Community agreements in that it provided for the integration of major sectors of her economy into those of the Community; (2) given the association's ultimate



objective of full membership, the implementation of the Agreement over a fifteen-year period, though incomplete, helped the Greek economy adapt its structure to that of the Community; and (3) during this period the interdependence of the two economies increased.<sup>21</sup> Needless to say, Greece's efforts to extricate her candidature from that of the other applicants could not rest solely on economic arguments which at best provided only limited support. The fact remains, however, that by persistently emphasizing in various ways the overall importance and relevance of her association, she paved the way for a strong political case against globalization of the negotiations.

## NOTES

- 1 In 1976 the Community concluded cooperation agreements with Algeria, Morocco, and Tunisia (the Maghreb group), which came into force in 1978. Similarly, in 1977 cooperation agreements were concluded with Egypt, Jordan, Lebanon, and Syria (the Mashreq group), which also came into force in 1978.
- 2 This theme is further developed in Tsoukalis, "Meso-geiakê Politikê."
- 3 See Inger Nielsen, "A View from Inside," in Greece and the EC, ed. Tsoukalis, p. 16.
- 4 F. X. Ortoli, "Etapas historiques et bilan du processus de rapprochement de la Grèce vers la Communauté Economique Européenne," in La Grèce et la Communauté, p. 21; Commission, "Opinion on Greek Application," p. 12.
- 5 CONF-GR/4/76, p. 1.
- 6 Ibid., p. 3.
- 7 CONF-GR/6/76, p. 4.
- 8 CONF-GR/8/77, p. 2.
- 9 MEMO-GR/7/77, pp. 9-10.
- 10 MEMO-GR/8/77, p. 2; CONF-GR/2/78, p. 3; CONF-GR/3/78, p. 2.
- 11 CONF-GR/6/76, p. 5. See also *ibid.*, p. 2; MEMO-GR/1/76, p. 2; CONF-GR/39/77, pp. 5-6.
- 12 For details on the rationale of this approach see Varfis, "Apo tèn Syndesê stèn Entaxê," and "Hê Entaxê mas stèn EOK."
- 13 Association between the EEC and Greece, Report from the Association Council (June 1976 to April 1977), p. 5.
- 14 CONF-GR/8/76, p. 5.
- 15 CONF-GR/6/76, p. 4.
- 16 Ibid., pp. 4-5; CONF-GR/20/77, p. 9.
- 17 CONF-GR/6/76, pp. 4-5, 7; CONF-GR/9/76, p. 2; CONF-GR/40/77, p. 3.

- 18 CONF-GR/4/76, p. 3; CONF-GR/9/76, p. 2;  
CONF-GR/21/77, p. 3; CONF-GR/40/77, p. 3;  
CONF-GR/97/78, p. 5. See also Nielsen, "A View from  
Inside," p. 15; Ortoli, "Etapes historiques," p. 22;  
Commission, "Opinion on Greek Application," p. 12.
- 19 Varfis, "Hê Entaxê mas stên EOK."
- 20 MEMO-GR/7/77, p. 9; CONF-GR/21/77, pp. 3-4;  
CONF-GR/50/77, p. 6; MEMO-GR/18/78, pp. 3-4. See  
also Ortoli, "Etapes historiques," pp. 21-22, and  
Kyriazidis, "Eurôpaïkê Koinotêta kai Ethnika Themata."
- 21 CONF-GR/12/77, p. 7; CONF-GR/20/77, pp. 6-8;  
MEMO-GR/7/77, p. 10.

## CHAPTER IX

### THE GREEK NEGOTIATIONS WITHIN THE PERSPECTIVE OF THE COMMUNITY'S PROCESS OF ENLARGEMENT

While the gradual erosion of Greece's unique status as an associate was one of the reasons that led to her bid for full membership, concern with the success of this bid led to attempts to establish the uniqueness of Greece's candidature as a case apart from those of Portugal and Spain. As a tactical move, the formal separation of the Greek negotiations from those of the Iberian candidates meant that Greece's accession would evolve into a considerably less complex affair. From an analytical perspective, however, it would be a mistake to view the Greek case in isolation; it should be more appropriately examined as part of the Community's overall process of enlargement. This theme is developed in the present chapter.

In comparing the two rounds of enlargement, the different economic environments in which they occurred should be borne in mind as an inevitable constraint: in contrast with the first round, the Greek and Iberian enlargements took place in an unfavourable world economic climate. An additional factor that limits comparisons of this kind is the marked difference in the average economic profile and level of development between the northern and southern applicants.<sup>1</sup> For these reasons, the intention

is not to enter into details of the membership negotiations of other countries but instead to examine how the overall process of Community enlargement relates to the Greek case.

#### A. The Experience of the First Round of Enlargement

##### 1. Britain's Early Attempts for Membership

To fully understand the Greek case, it is important to know how the earlier hands were played. The relevance of the British experience is further reinforced by the fact that Britain's first attempt to join the Community (1961-63) coincided with the beginnings of Greece's association, interacting with it in certain important ways. For example, it should not be overlooked that France's tough line during the Greek association negotiations was at least partly dictated by a desire to avoid setting any precedents which might be used to Britain's advantage in the latter's membership negotiations.<sup>2</sup>

For Britain the freshly negotiated Athens Agreement opened a course of action worth considering. Whereas in the case of Greece full membership was clearly the ultimate goal with association viewed as a mere stepping stone in that direction, Britain went through an initial period of soul searching, with the two alternative regimes representing for her a problem of choice. When the British Government finally decided to apply for full membership in 1961, association had come to be regarded as an inadequate arrangement.<sup>3</sup> Even if the association negotiations

were to succeed, there could be no guarantee that association would eventually lead to accession; and without such a guarantee, an agreement of this kind would be of no value to Britain.<sup>4</sup> General de Gaulle's first veto of Britain's membership bid in January 1963 was accompanied by the suggestion for such an association agreement--with eventual membership as an open-ended and distant possibility without any commitment as to its timing.<sup>5</sup> It is interesting to note that de Gaulle's negative stand in November 1967 which once more blocked Britain's entry was again accompanied by the suggestion that some form of association would be acceptable.

In a subsequent attempt to establish an "arrangement" between Britain and the Community that would pave the way to full membership, France introduced the idea of a preaccession period--an idea that appealed to the Commission<sup>6</sup> and was to resurface later as the central element in the Commission's Opinion on the Greek application for membership. According to this view, full membership should be preceded by a period of adjustment enabling Britain to adapt herself to the orientations and structures of the Community.<sup>7</sup>

What was unacceptable to the British was not so much the idea of a preaccession period as the fact that its duration was to be left unspecified--a situation that could easily deteriorate into a de facto association. Among the various proposals that were put forward during 1968-69 with the aim of bringing Britain closer to the

Community and preparing her for membership, a preaccession period came close to be regarded as a negotiable possibility but only under the firm condition that it would provide for a built-in mechanism of automatic membership, in the form of a fixed term at the end of which entry would be finalized;<sup>8</sup> otherwise the situation would be, in Peter Kirk's words, similar to "Mohammed's coffin suspended halfway between heaven and earth."<sup>9</sup> On the other hand, however, even though the possibility of having such an arrangement was not excluded, the probability attached to its practical success was very low: it would be extremely difficult for Britain to adjust to a continually evolving Community unless she was actively involved in these changes.<sup>10</sup> Given that it was not possible to provide for Britain's participation in the Community decision-making mechanisms prior to accession, the notion of a preaccession period had no appeal as a credible alternative to full membership with a postaccession transitional period.

A central theme that emerges from a comparative analysis that takes into account the origins of the enlargement process is the remarkable consistency with which France has been formulating her policy towards Community enlargement over the past twenty-five years. Allowing for inevitable variations that reflect the particular historical context, the concept of a "noyau," of a Community of Six around which are clustered the other West European states with a view to their gradual unification, represents a common theme that runs through French attitudes towards

the process of European integration.<sup>11</sup> To this should be added a second observation: that even though membership negotiations could be meaningfully analyzed at the aggregate level, i.e. by looking at the Community positions as they emerged from the internal debate among member states, one would still have to take into account in many instances the French reactions and France's bilateral relations with the applicant states. Although the membership negotiations were a communal endeavour, it was France more than any other member state that left its individual mark on the negotiating table. This conclusion is supported by the previous analysis but is also reinforced by the discussion that follows.

## 2. The 1970-71 Accession Negotiations

While Greece's association suggested an alternative course of action for Britain to follow, Britain's subsequent accession to the European Communities on 1 January 1973 together with Denmark and Ireland was regarded by Greece as a potential source of precedents for her own accession negotiations.<sup>12</sup> Although it was eventually agreed that no such precedents could be established in a strictly legal sense, an "own-merits" approach in the Greek negotiations could not preclude the taking into account of the experience of the first round of enlargement.<sup>13</sup> In fact, besides adopting the organizational and procedural framework of the previous accession negotiations, the Conference adopted their legal framework as well. Even though Greece's internal legal structure gave rise to a different set of



problems and corresponding solutions, the overriding objective remained the same: the adaptation of the national legal system to the obligations deriving from Community membership.

Within this perspective, the Community had no objection to a given specific solution being similar to the one adopted in the previous enlargement, provided that the circumstances in the two instances were similar and justified such a course of action.<sup>14</sup> However, what is important for the purpose of the present analysis is not so much the identification of such similarities in the detailed record of the negotiations as the realization that the overall experience of the two rounds of enlargement bears certain broad parallelisms that become quite striking when one takes into account the differences in the economic and political environment of the two cases.

The close conceptual affinity of the two rounds of enlargement was implicitly symbolized during the formal opening of the Greek negotiations. On that occasion both the Council and the Commission Presidents chose to include in their speeches excerpts from the initial statements of their predecessors made during the opening of the 1970-71 accession negotiations. Thus, Van der Stoep echoed Pierre Harmel's remarks that the objectives of enlargement were not only economic but also political,<sup>15</sup> while Ortoli quoted Jean Rey on the wider implications of accession as a step towards the building of a united Europe.<sup>16</sup> The actual quotations used in both instances are not as important as the

fact that in looking beyond the technical aspects of the negotiations and in expressing its attachment to the wider political significance of Greece's accession, the Community appeared to view enlargement as a continuous and on-going process.<sup>17</sup> Deriving from this philosophy, the previous enlargement negotiations could not but provide an implicit frame of reference for the Greek talks.

It should be noted, however, that the formal framework within which the Greek negotiations were conducted did not preexist in a ready-made form but evolved out of the trials and errors of the 1961-63 abortive negotiations only to take its final shape at the time of the 1970-71 enlargement negotiations.<sup>18</sup> The 1961-63 talks were conducted within a Conference between the six member states and the applicants--an arrangement that resulted in confusion and multilateralism of the proceedings. The Commission did have the right to speak and advise the member states in the formulation of common positions, but its mandate lacked a clear focal point and was inevitably weakened by the fact that there were separate Commissions at that time corresponding to each of the three Treaties (EEC, ECSC, and EAEC).

The Hague Summit of December 1969 improved this situation by providing for a Conference not between the candidates and the Six individually but between the candidates and the Community as a single entity. According to the procedure established by the Council at its sessions of 8 & 9 June 1970 in implementing the Hague communiqué,<sup>19</sup>

the responsibility for the negotiations remained with the Council of Ministers, but in their formal conduct the member states were now represented through the Presidency of the Council; they did of course participate in the negotiations with their national representatives but they now spoke with a single voice in their confrontations with the applicants. This was true for both ministerial and deputy-level sessions. The importance of the latter should be particularly emphasized, since it reflected the increasingly prominent role that the COREPER was beginning to assume within the workings of the Council at the time of the first enlargement. Thus, most of the problems raised in the course of the negotiations were solved at deputy level, which on the Community side corresponded to the COREPER. This meant that in the majority of cases the Ministers would simply confirm the agreements reached at deputy level, leaving them with certain knotty problems that required a political solution. The fact that such a solution was often hard to reach meant in turn that on certain occasions, and on instructions from the Ministers, agreements reached at deputy level were kept unannounced until a subsequent ministerial session which would thus be prevented from appearing empty-handed in its press coverage.<sup>20</sup>

The role of the member states at both the ministerial and deputy levels was to iron out their individual differences and to formulate common positions on the basis of proposals by the Commission (which was now a single

institution, following the fusion of the executives in 1967). It is interesting to note that these internal negotiations often proved more time-consuming and more intricate than the actual Conference negotiations between the Community and the applicant countries--an observation that is equally true for the first round of enlargement as for the Greek and Iberian ones. This should not come as a surprise, since internal difficulties in the alignment of common positions seem to be the rule in the daily workings of Community decision making.

What the above framework implied in practice was that the Presidency could not respond immediately to a candidate's counterargument. It had to adjourn the Conference proceedings in order to seek a compromise formula among the Six (and later, in the case of Greece, among the Nine). The Conference would then reconvene to consider the new Community position, with the candidate delegations either "taking note" of or accepting it. What made for a faster pace in the conduct of the Conference negotiations was the fact that the two sides often knew, through formal or informal channels of communication, of each other's positions prior to the opening of a session and could thus determine in advance whether or not a particular position was acceptable.

This latter point needs emphasizing because it refers to a crucial but often overlooked aspect common to all the rounds of enlargement. The negotiations were conducted at both a formal level, with the two-tier workings

of the Conference, and an informal level, with a whole web of contacts and off-the-record exchanges between the two sides. In fact, the formal negotiations could be regarded as the visible tip of the iceberg; the real bargaining and the preparation of the ground for solutions often took place within informal channels of communication. For example, confidential Commission documents outlining the basis for the establishment of common negotiating positions and addressed to the member states were invariably secured by Greek officials in Brussels. The Greek delegation was thus aware of the approximate negotiating limits to be expected with respect to specific issues well in advance of the formal Conference sessions. In this informal manner, the Commission could oil the wheels of the bargaining process by indirectly suggesting ways in which the forthcoming Greek positions could be formulated so as to take account of the likely Community response and hence of the potential size of the substantive negotiating gap.

Such practices were perhaps a natural outgrowth of the kind of open diplomacy with which the Conference sessions were conducted: since the sessions were open and their proceedings publicized, they could hardly provide the right environment for an intimate exchange of views and the working out of compromises.<sup>21</sup> What further reduced the flexibility of the formal sessions was the Community's preoccupation with "harmonizing" the negotiations:

For the sake of appearances, quite apart from the negotiating logic itself, each successive stage in the process of reaching agreement. . . had to be represented as a fair component package between the participants within what it was hoped would ultimately be a fair overall package deal: and that demand for internal symmetry of the parts as well as of the whole imposed its own limitation on the negotiations and invited deadlock, with neither side prepared to make the first move.<sup>22</sup>

The above comparative analysis of the British and Greek experiences in the conduct of their accession negotiations reveals certain interesting patterns and parallelisms that transcend the historical specificity of each case, pointing to a common dynamic process that underlies the politics and economics of Community enlargement and the world of diplomacy surrounding it. This sense of continuity disappears when one begins to examine the motivations, strategies, and tactics of each applicant separately.

Both the British and Greek delegations faced the same dilemma: to begin with a "low" opening position and accused at home of not safeguarding the national interests; or to open the negotiations with a "high" bid, knowing that its inevitable dilution on the road to a compromise was bound to be presented by critics at home as a battle lost.<sup>23</sup> However, each delegation resolved this dilemma in a different manner, adopting for the most part sharply contrasting strategies. Britain leaned towards the second approach, hoping that public opinion at home would recognize the need for the softening of an initially hard bargaining line in the final compromise.<sup>24</sup> Greece, on the

other hand, after a short-lived flirt with a hard line based on the defence of the *acquis d'association*, switched to a soft approach with a built-in willingness for quick compromises.

These two approaches must be assessed within their specific historical context, taking also into account the relative weight of each country in an enlarged Community. In the British Government's view,

it is for question whether the Communities without the United Kindgom can be as secure and prosperous as they need to be in the modern world. The entry of the United Kingdom into the European Communities is therefore an issue of historic importance, not only for . . . (her), but for Europe, and for the world.<sup>25</sup>

The fact that Britain's desire to join the Community was largely matched by the Community's desire to have Britain as a full member meant that Britain could afford to negotiate from a strong stand; but this could hardly apply in the case of Greece. On the other hand, differences in negotiating strategies did reflect differences in preoccupations. Britain's ultimate aim may have been full membership, but her overriding concern lay with the economic issues of accession and hence with the terms of entry under negotiation. In contrast, Greece was caught in a race against time, where the political dimension of the task lying ahead often tended to dwarf the significance of the detailed terms of entry.

Seen from a longer perspective, however, such distinctions recede in the background; for what will eventually remain out of the whole process of enlargement will simply be the fact of membership itself:

the most important fact about the first (British negotiation) was that it failed, and the most important fact about the second was that it succeeded.<sup>26</sup>

The real drama was thus not centered on the terms of entry but on whether the negotiations were being played for success or failure. For this question one has to look not so much at the detailed content of the negotiations but rather, as Uwe Kitzinger puts it, at "the time they took, the impression they gave outside, and the covert mutual signals of a political content that were contained in the economic and financial haggling."<sup>27</sup> In both the British and Greek negotiations, and for that matter in the Iberian ones, these signals were nowhere else more hidden or more crucial than in the role of French policy. Ambiguous in appearance from the summer of 1969 until the spring of 1971, French diplomacy gave no clear signs until the end of the negotiations whether Britain's entry would be allowed to materialize. In the same spirit, once France had clarified her stand on the principle of the Greek enlargement, accession was within reach. This is an important point to keep in mind when assessing the impact of the Heath-Pompidou or the Karamanlis-Giscard d'Estaing meetings on the pace of the negotiations.

It was precisely this hidden political content of the formal negotiations which often led to agreements being reached with little effort to assess their analytical implications. The length of the transitional period is a case in point. In searching for the reasons that made Britain's, and by extension Greece's, transitional period



gravitate to a five-year length, it seems reasonable to share Ian Davidson's view:

Because one year would be obviously far too short for Britain to make the necessary adjustments, because ten years would involve unnecessary delays, because five is a nice round number in between, because there is no evident reason for choosing four or six instead, because the idea of a five-year transition has been in the air for a very long time (i.e., since the 1961-63 negotiations).<sup>28</sup>

It is worth noting in this respect that, in sharp contrast to the Greek experience, the length of the transitional period was an issue settled at an early stage in the British negotiations. And to be precise, a general five-year transitional period was not Britain's opening proposal. The request was for a three-year period for industrial customs union and a six-year period for agriculture (with a still longer one for budgetary contributions). But a compromise was eventually reached in the form of "adequate parallelism" for industry and agriculture within a five-year transitional period, having made allowance for certain exceptions.<sup>29</sup>

The length of the transitional period was not among the crucial issues that stood out in the 1971-72 negotiations, though the postnegotiation experience of the first-round entrants did have an important message for the new candidates in this respect--namely, that changes in Community policies and in economic conjuncture can easily render transitional arrangements irrelevant.<sup>30</sup> On the other hand, the politically sensitive problems whose solution determined the overall outcome of the first-enlargement negotiations have little relevance in an

analysis that focuses on the Greek experience. In Britain's case, these issues related to New Zealand's dairy exports to the United Kingdom, sugar exports from the less developed Commonwealth members to the United Kingdom, the future of the reserve role of sterling, and the British contribution to the Community budget.<sup>31</sup> It is nevertheless interesting to note that while Britain's and Greece's preoccupations with the Community budget were opposite in nature--the former attempting to minimize her contribution, the latter to maximize her receipts--they represented a common factor that affected significantly each country's postaccession relations with the Community.<sup>32</sup>

Although the analysis of the present section focuses on the British experience, most of its general conclusions can be taken to apply to the first round of enlargement as a whole. Ireland's, Denmark's, and Norway's negotiations were not as complicated; and their terms of entry were in many respects similar to those of Britain, apart from special provisions accounting for individual needs and circumstances. Norway did not accede owing to the outcome of a national referendum on the issue of membership. Nevertheless, the successful completion of accession negotiations by a potential tenth member provided ammunition in the hands of the Greek delegation, which could argue quite convincingly on the institutional viability of a Community of Ten, with Greece taking the place intended for Norway.

### 3. The Public Debate

It was recognized from the outset of the British accession negotiations that any discussion on the costs and benefits of membership would have to assess both the short-term and long-term aspects of the issue. As the Conservative election manifesto stated in 1970,

There would be short-term disadvantages in Britain going into the European Economic Community which must be weighed against the long-term benefits. Obviously there is a price we would not be prepared to pay. Only when we negotiate will it be possible to determine whether the balance is a fair one, and in the interests of Britain.

Our sole commitment is to negotiate: no more, no less. As the negotiations proceed we will report regularly through Parliament to the country.<sup>33</sup>

However, the public debate that followed tended to be one-sided: it was mainly involved with the short-term technical aspects of the terms of entry rather than with the wider long-term implications of membership. The available evidence suggests that this was the result of a conscious choice of policy: it seems that Heath's administration refrained from publicly putting across the wider political and economic advantages of entry in the fear that a publicly proclaimed enthusiasm for membership during the negotiations might undermine Britain's bargaining position.<sup>34</sup> Although it is difficult to establish the extent of such an interaction, it may be argued that the excessive preoccupation with the narrow terms of entry left its mark on public opinion and was partly responsible for the general public's confusion and lack of enthusiasm--creating, at the same time, an advantage in the hands of the British delegation, which could now press for more favourable terms of entry.<sup>35</sup>

In the case of Greece, the picture was entirely different. Beginning from a weak negotiating base in the first instance, the Greek Government had no reason to play down its enthusiasm for the prospect of membership; on the contrary, it made every effort to nurture a public spirit of pageantry while at the same time blurring the hard facts and inevitable compromises surrounding the terms of entry.

This point has already been analyzed in chapter II but assumes a new perspective when seen against the background of the British experience. In the words of the 1971 White Paper, setting the tone of the public debate,

The strength and prosperity of the United Kingdom depend partly on the efforts of its peoples, and partly on the economic conditions prevailing in the world outside. . . . We have to consider whether these conditions will be more favourable to us if we join the European Communities than if we do not.<sup>36</sup>

This statement provides a luminous reminder of the differences between British and Greek official attitudes: the question that it raises struck the Greek Government as hardly worth debating. With 1981 being both accession and election year, the ruling New Democracy party had a strong motive to contain the whole issue of membership at an emotional level and to avoid a confrontation on the terms of entry with the increasingly powerful and anti-Community PASOK party. Although the timetable of domestic politics also affected the British negotiations,<sup>37</sup> the pressure that such an interaction exerted on the pace and outcome of the negotiations was much greater in the

case of Greece. A factor that may have contributed to this difference is that, in contrast with Greece's experience, the issue of membership created divisive rifts within Britain's political parties.

In comparing Britain and Greece as candidates for Community membership, there is no presumption that economic strength as such is necessarily linked with a negotiating advantage. It would in fact be more realistic to view bargaining power as being derived from domestic economic weaknesses--or, more precisely, from the ability of the applicant to present such weaknesses in the proper light--as the record of the Greek negotiations often reveals. Greece may have conducted her negotiations from a politically weak power base; but when it comes to her terms of entry, the negotiations should not be seen as a David-Goliath confrontation or as a zero-sum game of bargaining. Their purpose was clearly not to extract the maximum advantage at the expense of Greece, since an entry based on adverse terms would be self-defeating: a weak member would ultimately burden the rest of the Community and undermine its cohesion.<sup>38</sup>

#### B. The Prospect of the Iberian Enlargement

While the northern enlargement of the Community throws light on the legal and procedural framework of the Greek candidature, the Iberian enlargement is a crucial factor that must be considered when attempting to explain the pace of the Greek negotiations and, in a number of

instances, the terms of entry that finally emerged. The Greek case may thus be viewed as something of a pivotal point between the two rounds of enlargement.

The Portuguese and Spanish negotiations were still at their preliminary stage when the bulk of the Greek negotiations had been completed. Accordingly, an analysis of their detailed record lies outside the scope of the present research. It is more relevant, instead, to look at the prospect of the Iberian enlargement and the ways in which it affected attitudes, policies, and negotiating strategies, and thus the conduct and outcome of the Greek negotiations. Before proceeding with these issues, however, it is worth examining briefly the Portuguese and Spanish cases.

#### 1. The Candidatures of Portugal and Spain

In July 1972 Portugal concluded a free-trade agreement with the Community providing for the progressive dismantling of tariffs etc. by 1985. Spain's contractual relations with the EEC date from June 1970 when a six-year preferential trade agreement was signed providing for the eventual establishment of a customs union. The important point to note is that despite differences in the institutional aspects of their relations with the Community, the two countries showed a very similar degree of dependence in their trade with the Community of Nine--very similar, in fact, with that of Greece.<sup>39</sup>

Portugal submitted her membership application on 28 March 1977, followed by Spain on 28 July of the same

year; their accession negotiations were formally opened on 17 October 1978 and 5 February 1979, respectively. As in the case of Greece, the issue of accession was essentially a political one, Community membership perceived once more as a means of securing and strengthening fragile democratic institutions at home. Preoccupation with the economic implications of membership became increasingly prominent as the negotiations progressed to their final stage. On the other hand, the question of membership never became a major domestic issue in Spain, since all political parties and trade unions were clearly in favour. The same does not hold for Portugal, where the Communist Party (together with small parties on the extreme left and extreme right) and some business interests were strongly against.

There are two general observations to be drawn from Spain's experience. Firstly, it could be argued that, in contrast with the advantage that the Greek negotiators extracted from the existence of a growing anti-Community opposition at home, Spain's internal consensus on the question of membership reduced her bargaining strength during the accession negotiations--although it is expected to be an advantage in the country's postaccession relations within the Community.<sup>40</sup> Secondly, the fact that the Portuguese and Spanish negotiations lasted almost seven years, more than twice as long as Greece's, meant that their negotiation marathon run evolved into some sort of a de facto preaccession period: even though the idea was rejected

when it was formally put forth, its essential element survived as a result of protracted negotiations. On the other hand, this situation did have a positive by-product: it allowed for a more careful preparation of the negotiation dossiers and for more internal adjustments and adaptations to begin ahead of accession. Once more, the Greek experience is seen to be in contrast with that of the Iberian candidates--a conclusion reinforced by the lengthy transitional arrangements negotiated in their case (their general and maximum transitional periods are seven and ten years, respectively).

## 2. Member-States' Reactions to Enlargement

The membership applications of Portugal and Spain were lodged at a time when the economic climate in Europe could hardly be considered favourable to a further Community enlargement. There was anxiety over the crisis sectors of Community industry--such as steel, shipbuilding and ship repairing, textiles, garment manufacture, and footwear--since it was in these sectors that the applicant countries appeared to have a comparative advantage;<sup>41</sup> anxiety over the free movement of labour, since the role of emigration as a safety valve for domestic unemployment in the applicant countries could turn into a burden for the member-states' economies and aggravate their social problems; and fears that the increased competition from Mediterranean agricultural imports from the new entrants would hurt farmers in France's Midi region and Italy's



Mezzogiorno. The problem of economic convergence in the Community was an issue of considerable concern and a recurrent theme in the discussions on the implications of enlargement (as, for example, in Roy Jenkins' speech to the Council of Foreign Ministers on 18 October 1977);<sup>42</sup> regional disparities in terms of per-capita GDP were expected to increase from a ratio of 6:1 or 5:1--comparing the richest to the poorest region of the existing Community--to a ratio of 12:1 in a Community of Twelve.<sup>43</sup> Enlargement was also expected to have repercussions on the Community's external relations, especially those with Mediterranean third countries. The debate on these issues gradually engulfed other aspects of Community activity, the prospect of enlargement providing "a convenient new peg on which to hang old arguments".<sup>44</sup>

The political climate was no more encouraging, given that the opening of the new round of enlargement coincided with a preelection period in Europe, notably in France, which made the whole issue often appear under the narrow prism of domestic political considerations.<sup>45</sup> Public announcements in favour of enlargement should accordingly be discounted: member states tried to conceal their scepticism and apprehensions as well as their efforts to retard the process of enlargement behind a façade of welcome gestures.<sup>46</sup>

Although the general problems posed by enlargement were present in the particular case of Greece's entry, the small size of her economy meant that their magnitude

in a Community context would also be small, especially when compared with the Spanish case. For this reason, the difficulties experienced during the Greek negotiations did not always derive from a concern with the implications of Greece's accession but often reflected the Community's apprehensions over the prospect of Spain's entry: concessions to Greece which certain member states could otherwise have granted without much difficulty were seen as a potential risk in creating unwelcome precedents for the Iberian applicants.<sup>47</sup> For example, the establishment of a seven-year transitional period in the case of Greek peaches and tomatoes as an exception to the general five-year rule was partly due to this fear of precedents. And the same factor may also help explain Germany's insistence for a long transitional period with respect to the free movement of Greek labour, much longer than the finally agreed seven-year period. Even though such precedents could not possibly be established in any legal sense, preoccupation with them did influence Community positions and compromise solutions during the conduct of the Greek negotiations. By the same token, delays and difficulties in the accession negotiations were often caused by member states as a means of extracting political leverage in their efforts to achieve their own objectives within Community policies.<sup>48</sup>

The prospect of enlargement was perceived and assessed differently by each member state. It was mainly in France, and to a lesser extent in Italy, that it became

a major political issue. Partly due to a consensus on its desirability or inevitability, partly due to a feeling that its domestic effects would be marginal, it remained on the whole an issue of secondary importance among the other members;<sup>49</sup> even in West Germany--where the sectoral, budgetary, and security implications of enlargement were extensively pondered--the prevailing mood was one of "optimistic fatalism."<sup>50</sup>

As already noted, French attitudes towards the "widening" of the Community show a remarkable consistency over the years (with allowance for short-term oscillations due to electoral exigencies), linking with a common thread the first and second rounds of enlargement. A case in point is the concept of a preaccession period which first appeared in connection with Britain's early attempts at membership--only to reappear in the context of Greece's and, later on, of Portugal's and Spain's membership bids. An offshoot of this was the proposal for stage-by-stage integration towards full membership, giving rise to the notion of a Community "à deux vitesses" as a means of solving the problems raised by enlargement. This idea was first aired by Pierre Uri in connection with Greece's candidature<sup>51</sup> but reflects a common theme in French attitudes towards enlargement--a theme which, nevertheless, did not take root in Community thinking.<sup>52</sup>

An equally important aspect of the French approach involved the notion of "globalisation." This had less to do with joint negotiations and simultaneous entry of the

three Mediterranean applicants and more with a "globalisation de réflexions"--the implication being that the solution of the problems posed by enlargement should be a precondition for enlargement itself.<sup>53</sup> A characteristic example was France's insistence on changes in CAP mechanisms applying to certain sensitive Mediterranean products as a precondition for Greek accession (this point has been examined in chapter VI).

Although the analysis of the present section focuses on French reactions, it is also worth taking a brief look at Britain's attitudes. It seems that Britain was more concerned with the budgetary than with the economic implications of enlargement. This may partly be attributed to the essentially complementary nature of her agriculture vis-à-vis that of the Mediterranean applicants. But a more significant factor was Britain's chronic preoccupation with her contribution to the Community budget, forming a filter through which all other issues were seen and assessed.

The political dimension of Britain's attitudes to enlargement is of course another matter. The existing evidence suggests that the issue of Greek membership as such was of secondary importance, subordinate to Britain's wider concern with political stability in the Mediterranean area. For example, the inclusion of references to the Greco-Turkish dispute in the Commission's Opinion on the Greek application possibly reflected a British initiative.<sup>54</sup> Moreover, Britain's eagerness to see progress achieved

towards a Community of Twelve, and not simply towards a Community of Ten, led to a concern with parallelism in negotiations with the three applicants rather than with progress in the Greek negotiations as such.<sup>55</sup> Proceeding from the same policy considerations, Britain also insisted that the maintenance of pluralist democracy should be a precondition for continuing Community membership and not just for entry.<sup>56</sup> (The notion of the existence of a democratic regime as a precondition for entry is not stated explicitly in article 237 of the Treaty of Rome which forms the legal basis for a membership application; it evolved gradually, together with requirements concerning the applicant's level of economic development, as an implicit criterion for Community membership.) It is interesting to note that this idea coincided with one of the basic tenets of Greece's instruments of accession:

The principles of pluralist democracy and respect for human rights form part of the common heritage of the peoples of the States brought together in the European Communities and are therefore essential elements of membership of the said Communities.<sup>57</sup>

Finally, British attitudes towards enlargement also reflected party ideologies on the future of the Community, with the then Labour Government leaning towards the view that the widening of the Community could serve as a means of diluting it and transforming it into a looser, and hence preferable, entity.<sup>58</sup>

Quite separately from the above analysis, there still remains the question of Greece's own reactions to the prospect of the Community's further enlargement. Given

the available evidence, it is reasonable to argue that such considerations did not enter into the shaping of the Greek negotiating positions in any coherent and systematic manner. And preoccupied with problems of internal adjustments during the interim period, it was only after accession that the Greek Government concentrated on the implications of the Iberian enlargement for the country's competitive position.<sup>59</sup> Even then, however, there was more concern with the overall effect of Portuguese and Spanish entry rather than with any close monitoring of how the specific terms of entry under negotiation interacted with Greek interests.

### 3. "Globalisation des Négociations" vs. "Globalisation de Réflexions"

As the previous analysis makes clear, the prospect of formal membership applications by Portugal and Spain posed a serious threat to Greece's candidature, for it created an environment within which the linking of the three applicants into the same negotiation process, much the same as in the case of the previous enlargement, seemed a comfortable choice for those who were viewing Greece's accession with increasing apprehensions. In fact, the Commission's suggestion for a preaccession period for Greece provides an early indication of this tendency, since it could serve as a means of aligning and linking Greece's negotiations with those of Portugal and Spain. From the Commission's point of view, globalization of the negotiations and simultaneous entry could not but seem

reasonable and even preferable, allowing for a more orderly institutional development of the Community.<sup>60</sup>

What brought Greece on the brink of globalization was the complications that arose, on the eve of the submission of Spain's formal application for membership, from the French and Italian preconditions with respect to Mediterranean agriculture. It was, in fact, the active personal involvement of Prime Minister Karamanlis, in particular his bilateral contacts with French President Giscard d'Estaing and Italian Prime Minister Giulio Andreotti during the critical period between April and June 1977, which acted as a catalyst in averting the globalization of the conduct of the negotiations<sup>61</sup> and led to the emergence (at the ministerial Conference session of 25 July 1977) of a political consensus to speed up the Greek talks.<sup>62</sup> Clearly, the linking of the three applicants' negotiations would have been a serious blow to Greece with respect to the timing and possibly with respect to the terms of her accession<sup>63</sup> (in retrospect, the blow to her candidature could have been fatal, given the post-1981 domestic political developments).

However, such a consensus could not prevent the globalization of the problems posed by the enlargement of the Community from nine to twelve member states. It was perhaps natural for the Community to perceive a common profile of the three applicants and to view Greek accession from the wider perspective of its Mediterranean enlargement.<sup>64</sup> Thus, although the negotiations with Greece continued to be

formally conducted on their own intrinsic merits, the Community could nevertheless not ignore the broader implications of its further enlargement<sup>65</sup>--the more so given that Greece's terms of entry could eventually be used by Portugal and Spain as precedents in support of their own negotiating positions vis-à-vis the Community.<sup>66</sup>

The most comprehensive attempt at such a "réflexion d'ensemble" was undertaken by the Commission in a set of three documents that came to be known as its "Fresco."<sup>67</sup> Recognizing the many-faceted impact of enlargement on the institutional, budgetary, and economic spheres of Community activity, the Commission emphasized the need for action to ensure that this impact would be positive--that enlargement would become a motor of Community development rather than a source of inertia. The action proposed took the form of specific measures within a coordinated approach involving all Community policies. Although the Fresco included certain specific points relating to the conduct of the negotiations, it was mainly concerned with the postaccession period. It made, for example, proposals for substantive institutional changes that went beyond the narrowly-defined realm of the accession negotiations and the adoption of the *acquis communautaire* by the applicant countries: while the negotiations were limited to numerical adjustments of the Treaties, the Fresco raised the issue of majority voting in an enlarged Community and the question of the Commission's own powers in the use of Community legal instruments.<sup>68</sup> (The Community's proposals



for institutional changes were not confined to those of the Fresco. At its meeting of 5 December 1978, the European Council nominated a Committee to study the problem and suggest specific reforms. Its Report on European Institutions (known as the Report of the Three Wise Men) was presented to the European Council in October 1979. It was followed by the Spierenburg Report, made at the request of the Commission, on the institutional reform of the Commission itself and its services.)

The Commission's views on enlargement rested on the central premise that the Community aims not only at the smooth functioning of the common market but also at the establishment of economic and monetary union; and that the attainment of this latter objective depends on the convergence of the member-states' economies, completion of the common market, deepening of common policies, and the overcoming of structural problems. Since disparities between old and new member states would strain the economic and monetary cohesion of the Community, action was needed to help Greece, Portugal, and Spain raise the level of their development and implement structural changes.

Within this framework, the Commission proceeded to establish its guidelines for action. What was needed was Community financial aid coupled with appropriate adjustments of the available budgetary instruments. However, this line of action was to form part of an integral approach encompassing all areas of Community policy, the overriding objective being the cohesion of the enlarged Community and its move towards economic and monetary union.

The Fresco's significance derives not only from its analysis of the impact of enlargement but also from the impact that itself had on the enlargement process. With the Greek negotiations and the candidatures of Portugal and Spain having become electoral issues, there was little progress being registered until the end of 1977. The breakthrough came after the French parliamentary elections of March 1978 when the scene was cleared for a political impetus to the Greek negotiations and a favourable decision on the principle of Portuguese and Spanish memberships.

Within this climate, the Commission's Fresco of April 1978 represented an affirmation of enlargement.<sup>69</sup> The product of long and difficult internal negotiations, it put an end to a series of previous schemes aiming at delaying the enlargement process. Greece was placed somewhat apart from the other two candidates; after all, the talks in her case had already progressed to an advanced stage. And in analyzing the problems associated with Greece's entry, the Fresco steered away from proposals that might interact directly with the terms of entry under negotiation, emphasizing instead postaccession measures.<sup>70</sup> On the other hand, by driving home the wider and often serious problems of enlargement, the Fresco also exerted a negative impact on the Greek negotiations: even though the effects of Greek entry were regarded as relatively small in magnitude, the Commission analysis inevitably placed them in the limelight at a time when the negotiations were entering their most sensitive stage.

The above analysis completes the examination of the external forces that influenced the Greek negotiations; this has been the object of Part III of the thesis, and it is now possible to provide a synthesis of the main themes developed in it.

What clearly stands out as a recurrent pattern is the difference in the way that Greek accession was perceived by each side. From Greece's point of view, Community membership was a choice of profound historical importance casting its shadow on all other considerations and relegating other national issues to a lower level of priority. From the Community's point of view, the prospect of Greek accession was seen from the wider perspective of its further enlargement and the Mediterranean dimension of its policies. Thus, while Greece continuously strived to assert and establish the uniqueness of her case, the Community attempted to dilute it and submerge it into the broader contours of its common policies.

This basic difference of approach manifested itself in a number of ways and left its mark on the conduct and outcome of the negotiations. In particular, Greece's application for full membership, submitted at a time when her position was undermined by the proliferation of Community preferential agreements and attempts to establish an overall Mediterranean policy, could partly be seen as a reassertion of her unique status. The Community, in turn, reacted by attempting to restore an equilibrium in its relations with Greece and Turkey. With the negotiations

under way and Greece now charting her path towards accession, an attempt was made to globalize her negotiations with those of Portugal and Spain. Greece managed to extricate herself from the other candidates but only in so far as the formal conduct of the negotiations was concerned: the Community globalized the problems posed by the three candidates, thereby viewing the impact of Greek accession within the broader framework of Mediterranean enlargement.

Seen from this perspective, the Community's attitudes towards Greece are linked with a common theme: even though the economic, budgetary, and institutional implications of Greece's membership were generally regarded as relatively small in magnitude, her entry was nevertheless seen as affecting the balance of Community policies and mechanisms in a number of ways. Thus, enlargement emerges as a process involving much more than simply a static Community absorbing a new member state; in the meantime, membership affects not only the entrant but the evolution of the Community itself. It seems reasonable, therefore, to ask whether the Community was prepared to accept Greece. In a sense, it could never be fully prepared since the process of its completion and deepening inevitably interacts with the process of its enlargement. Furthermore, Greece's candidature caught the Community still trying to absorb the impact of its previous enlargement under the handicap of an unfavourable economic climate.

Why, then, a new enlargement? The answer derives partly from the nature of Community evolution: the widening of the Community involves an adjustment to external initiatives rather than an actively sought and internally conceived development. But more significantly, what led the Community to accept the challenge of its further enlargement was its deep conviction that the political benefits would in the long run outweigh the practical difficulties and economic costs. Although the internal implications of enlargement for the Community's north-south balance were perceived differently by member states, its external political implications for the Community's role in the east-west balance of power and stability in the Mediterranean pointed unambiguously to the benefits of a wider and politically stronger Community.<sup>71</sup>

## NOTES

- 1 The contrast between the two rounds of enlargement is examined in greater detail by Payno, "Second Enlargement," pp. 1-4.
- 2 Camps, Britain and the European Community, p. 321.
- 3 The evolution of the British Government's attitudes towards these options is analyzed in detail by Camps (ibid.). See also L'adhésion de la Grande-Bretagne, pp. 119-20.
- 4 See ibid., p. 119, and U. Kitzinger, comment on "An Alternative to Adhesion," by D. P. Jay, in ibid., p. 71.
- 5 This point is examined by Camps, Britain and the European Community, p. 476.
- 6 L'adhésion de la Grande-Bretagne, p. 118.
- 7 See René Capitant, "La politique française," in L'adhésion de la Grande-Bretagne, p. 38.
- 8 See L'adhésion de la Grande-Bretagne, p. 110.
- 9 Ibid., p. 111.
- 10 Ibid., pp. 112-13, and Kitzinger, comment on "An Alternative to Adhesion," by Jay, p. 71.
- 11 For an analysis of pre-1969 French policy towards British entry see Capitant, "La politique française," pp. 38-39, and F. E. Figgures, "Les aspects économiques," in L'adhésion de la Grande-Bretagne, pp. 96-97.
- 12 MEMO-GR/2/77, p. 1.
- 13 CONF-GR/10/77, p. 1; CONF-GR/97/78, p. 5; MEMO-GR/18/78, pp. 3-4.
- 14 CONF-GR/10/77, p. 1; MEMO-GR/18/78, pp. 3-4.
- 15 CONF-GR/4/76, p. 2.
- 16 CONF-GR/5/76, p. 3.
- 17 CONF-GR/4/76, pp. 2-3, 5.
- 18 The analysis of this point is based on Kitzinger's account of the British accession negotiations. See his Diplomacy and Persuasion, pp. 78-84.

- 19 For further details of the procedure adopted, as well as the earlier Commission proposals which the Council rejected, see Commission, "Enlarged Community," pp. 22-24, and Puissechet, Enlargement, pp. 8-9.
- 20 Kitzinger, Diplomacy and Persuasion, p. 94.
- 21 See *ibid.*, pp. 89-90.
- 22 *Ibid.*, p. 90.
- 23 This is a point noted by Kitzinger (*ibid.*) with reference to the British case; subsequent experience with the Greek negotiations suggests that it could be generalized to cover both cases.
- 24 *Ibid.*
- 25 Great Britain, Parliament, Parliamentary Papers, Cmnd. 4715, July 1971, "The United Kingdom and the European Communities," part one, par. 5, quoted in Richard Bailey, The European Community in the World (London: Hutchinson & Co., 1973), p. 12.
- 26 Davidson, Britain and the Making of Europe, p. 9.
- 27 Kitzinger, Diplomacy and Persuasion, p. 75.
- 28 Davidson, Britain and the Making of Europe, p. 130.
- 29 For further details see Kitzinger, Diplomacy and Persuasion, p. 96.
- 30 Ries, exposé oral, in La Grèce et la Communauté, p. 199, and comments, *ibid.*, p. 267; Commission, General Considerations on Enlargement, p. 15; and Tsoukalis, European Community and Mediterranean Enlargement, p. 161.
- 31 Fish and Britain's application of "Community preference," i.e. preference of Community agricultural products over third-country imports within CAP mechanisms, were two other important issues. The question of sterling, on the other hand, receded from the negotiating table as it became clear that economic and monetary union was not as easily attainable as was initially thought.
- 32 While accepting the Community system of budgetary contributions within certain transitional arrangements, Britain was allowed an escape valve which carried with it the seeds of renegotiation. It was agreed that in the event of unacceptable situations, "the very survival of the Community would demand

that the institutions find equitable solutions."  
See Dennis Swann, The Economics of the Common Market, 5th ed. (Harmondsworth, Middlesex: Penguin Books, 1984), pp. 39-40.

- 33 A Better Tomorrow: The Conservative Programme for the Next Five Years (1970), p. 28, quoted in Kitzinger, Diplomacy and Persuasion, p. 151.
- 34 Davidson, Britain and the Making of Europe, p. 138.
- 35 Ibid., pp. 138-39, and Kitzinger, Diplomacy and Persuasion, p. 91.
- 36 Cmd. 4715, part one, par. 3, quoted in Bailey, The European Community in the World, p. 12.
- 37 Kitzinger, Diplomacy and Persuasion, p. 91.
- 38 The argument of this paragraph is further elaborated in Tsoukalis, "Community of Twelve," p. 448, and European Community and Mediterranean Enlargement, pp. 159-60. See also Wallace, "Reaction of the Community," p. 52. For a dissenting view on this point see Varfis, "Entaxê," p. 29.
- 39 Tsoukalis, European Community and Mediterranean Enlargement, pp. 98-99.
- 40 Ibid., pp. 159-60. See also Stephen George, Politics and Policy in the European Community (Oxford: Clarendon Press, 1985), pp. 164-65.
- 41 See Stefan Musto, "Structural Implications," in Second Enlargement of the EEC, ed. Seers and Vaitos, pp. 78-80; Yannopoulos, "Sensitivity of Industrial Sectors," and "Greece's 'Missed Opportunities'." There were some differences among the applicants in the degree of development of sensitive sectors: the steel sector was particularly developed in Spain, shipbuilding and ship repairing in Greece and Spain. On the other hand, the situation in the remaining crisis sectors was quite similar among the three applicants.
- 42 Times, 19 October 1977; Financial Times, 19 Oct. 1977. See also Michael Hodges and William Wallace, eds., Economic Divergence in the European Community (London: George Allen & Unwin for the Royal Institute of International Affairs, 1981), p. 212.
- 43 It was not only the magnitude but also the nature of the regional problems that was likely to change. Looking at the profile of the lagging regions of the enlarged Community, the number of agricultural, mountainous and peripheral regions, as well as regions of high migration, would be greater than before.



- 44 Wallace, "Grand Gestures and Second Thoughts," p. 24, quoted in Tsoukalis, European Community and Mediterranean Enlargement, p. 137.
- 45 For a detailed analysis of the French preelection climate and its implications see Siotis, "La situation internationale de la Grèce," pp. 60-61.
- 46 Of particular relevance in this respect is Wallace's analysis of the gap between the positive reactions with which the Greek application was received by member states and the difficulties encountered in the course of the negotiations ("Grand Gestures and Second Thoughts").
- 47 See, for example, Simonet, "Les réactions à la candidature hellénique," p. 9.
- 48 This latter scenario could also be observed in the British experience--which led Edwards and Wallace to predict its repetition in the case of Greece; see their Wider Community, pp. 4, 62. Interestingly enough, it reemerged in the Iberian negotiations.
- 49 This point is noted by Tsoukalis, European Community and Mediterranean Enlargement, p. 105, who proceeds to analyze it in detail.
- 50 Deubner, "West German Attitudes," p. 45.
- 51 "Réussir l'élargissement de l'Europe," Le Monde (Paris), 3-4 April 1977.
- 52 Natali's unsuccessful attempt in September 1977 to have it accepted by his fellow Commissioners is a case in point. See Tsoukalis, European Community and Mediterranean Enlargement, pp. 139-40.
- 53 Ibid., p. 137.
- 54 Tsoukalis writes:  
 "There were rumours that the idea of a pre-accession period and the references to the political situation in the Eastern Mediterranean were added at the last minute by the Cabinet of Christopher Soames. If this was so it is difficult to imagine that such an initiative did not have the backing of the British government" (ibid., p. 135). See also ibid., p. 153.
- 55 Evidence on this point is provided by Tsoukalis (ibid., p. 153).
- 56 See, for example, ibid., p. 138.
- 57 "Commission Opinion of 23 May 1979 on the Application for Accession to the EC by Greece."

- 58 For evidence of this attitude see Wallace, "Grand Gestures and Second Thoughts," pp. 34-35, 38 (n.15); Gazzo, "Enlargement of the Community," pp. 13-14; and Fitzgerald, "Community of Twelve."
- 59 See, for example, KEPE, "Hispania: Scheseis me EOK kai Hellada" (Spain: Relations with the EEC and Greece), Athens, June 1983. (Mimeographed.)
- 60 Tsoukalis, European Community and Mediterranean Enlargement, p. 155.
- 61 For a detailed account of Karamanlis' role see Kontogeorgis, Hê Hellada stên Eurôpê, pp. 102-16.
- 62 CONF-GR/39/77; CONF-GR/40/77. The formal statements contained in these documents should be assessed in conjunction with press reports. See, for example, John Palmer's report in the Guardian, 26 July 1977.
- 63 The opposite view was occasionally expressed but was left suspended in an analytical vacuum; according to it, it would have been to Greece's advantage to join efforts with the Iberian candidates and establish a common negotiating front against the Nine. See, for example, Petros Papasarakantopoulos, "'Mpoumerk' gia tên Entaxê Mporei na Ginei hê Epitachynsê tôn Diapragmateuseôn..." (The Acceleration of the Negotiations May Act as a Boomerang to Accession), Anti, 1 October 1977, p. 23.
- 64 Simonet, "Les réactions à la candidature hellénique," p. 9.
- 65 CONF-GR/21/77, p. 2.
- 66 The Community's fears that the Greek negotiations might establish unwelcome precedents for Portugal and Spain not only influenced its own thinking but had also an impact on Greece's choice of negotiating tactics. The Greek delegation argued, for example, that the Community's acceptance of the *acquis d'association* would help it set the Greek case apart from that of the other applicants and thus eliminate, at least partially, the danger of the Greek terms of entry being used as precedents for the next round of enlargement, especially in sensitive sectors such as agriculture and social affairs. See CONF-GR/39/77, pp. 5-6; CONF-GR/81/78, p. 2; MEMO-GR/18/78, pp. 3-4.
- 67 General Considerations on Enlargement; Transitional Period and Institutional Implications; Economic and Sectoral Aspects.
- 68 General Considerations on Enlargement, pp. 17-19.

- 69 On this point see Tsoukalis, European Community and Mediterranean Enlargement, pp. 140-41.
- 70 An exception to this general rule was the Fresco's specific proposal for a flexible two-stage transitional period. However, given the advanced stage of Greece's candidature and the fact that both sides were converging towards a five-year general transitional period, this proposal did not interact with the conduct of the Greek negotiations. See Commission, General Considerations on Enlargement, pp. 15-17.
- 71 The question of the broader political aspects of enlargement is raised by Wallace et al., "Eine Gemeinschaft der Zwölf," p. 631, and further discussed by M. J. Hillenbrand, "The American Response to Further Enlargement of the European Community towards the Mediterranean," in Community of Twelve, ed. Wallace and Herreman, pp. 397-98.

## CONCLUSION

The present research has examined in detail Greece's accession negotiations in an attempt to establish a proper analytical framework within which to interpret their internal structure, progress, and final outcome. According to the functional relationships that constitute the working hypothesis on which the research is based, the detailed structure of the negotiations was largely determined by internal mechanisms of Community decision making within the constraint of the *acquis communautaire*; on the other hand, the opening of the negotiations, their overall progress, and successful conclusion were influenced by a set of external considerations.

The general conclusion reached is that even though it was the overriding influence of political considerations that led to the acceptance of enlargement in principle and oiled the wheels of the bargaining process, it was economic and technical issues that dominated the actual negotiations. It may be argued, in fact, that the successful completion of the Greek negotiations--like those that preceded and followed--was largely due to the fact that the task was narrowly confined to the adoption of the existing *acquis communautaire*.<sup>1</sup> It was the submersion of high-policy issues into often mundane technical considerations which, by limiting the alternatives open to the

negotiators and hence the range of bargaining conflicts, helped transform the vision of Greek membership into a hard-won reality.

These results are thus seen to be generally consistent with the central hypothesis of the research. They are also consistent with the conclusions reached by other authors--notably those of Tsoukalis, whose work<sup>2</sup> represents the major contribution in the present field of study, broadly considered, and whose analysis of Greece's accession within the on-going and dynamic process of the Community's Mediterranean enlargement has suggested the most appropriate conceptual framework in designing the wider aspects of the research.

At a more abstract level, the results obtained are also generally consistent with theoretical interpretations of the nature of the Community negotiating and bargaining processes.<sup>3</sup> Accordingly, Greece's accession negotiations may ultimately be interpreted as an "integrative" bargaining process aiming at an "innovation" agreement: even though at specific instances a better bargain for one party did mean less for the other, the negotiations as a whole should not be seen as a zero-sum game of "distributional" bargaining but as a process of reaching a mutually profitable outcome; as Hutton points out, "in innovation, as opposed to redistribution, it is the common interest, or alleged common interest, which gives meaning to the objective, while conflicting interests are relegated to the details."<sup>4</sup> On the other hand, the

complications that arose from the different role that each side assigned to the *acquis d'association* derived from an initial difference in the way that each side perceived the nature of the accession negotiations--with Greece attempting to inject in them an element of "extension" bargaining by defending the status quo of her association as a source of important precedents.

Viewed from the perspective of the present state of knowledge in the field of European integration, the contribution of the research is twofold. Firstly, the detailed examination of the entry negotiations provides an analytical link between the preaccession and post-accession periods of Greece's relations with the Community; it thus helps fill a gap in the study of Greece's "policy style."<sup>5</sup> Secondly, it helps identify the negotiating mechanisms underlying the process of Community enlargement within an approach which might hopefully provide a useful extension of established lines of research. These considerations, together with the conceptual constraints that were initially imposed on the design of the present thesis, suggest in turn three areas for future research: the systematic integration of security considerations into the wider analytical framework of Greece's relations with the Community; the treatment of Greece's accession as a case study relating to a more general analysis of enlargement negotiations; and the examination of Greece's postaccession period from the analytical and empirical perspectives of preceding developments.

The signing of the Treaty of Accession may have marked the successful completion of Greece's membership negotiations but has also signalled the beginning of a new era, one in which daily intra-Community negotiations form a continuous theme underlying Greece's relations with the other member states and her participation in the open-ended process of European integration. Seen in this context, a study of the accession negotiations that sheds light on the internal and external mechanisms involved acquires a more lasting relevance that goes beyond the often ephemeral nature of the Greek terms of entry.

In assessing the terms of entry it is tempting, with hindsight, to point to mistakes in bargaining tactics and strategy and to perceive postaccession difficulties as products of deficiencies in the conduct of the negotiations. Seen in a vacuum, without reference to the exigencies of the negotiations period, the terms could never be seen as entirely satisfactory--the more so, given the initial burden of adjustment in the early years of membership. But as the facts surrounding the negotiations gather dust and yesterday's headlines recede in the background, the formal terms of entry gradually assume a much smaller significance than the fact of membership itself--with the drama shifting from the microcosm of the negotiations to their successful completion. Thus, in the rectifying mirror of time, it is the very emergence of Greece as a full member of the European Communities--out of the fragile balance of the political and economic circumstances of the period--

that will ultimately remain among the significant events in the history of modern Greece and of European integration.

The question that nevertheless gnaws at the heart of the whole issue is whether Greece stands to benefit from joining the Community. An inherently complex question that defies easy analysis, it has been treated in the hands of opposing political parties in a manner that fits their preconceived stands on the issue of membership: depending on the length of the time horizon and breadth of criteria adopted, the answer may easily swing from negative to positive. The fact remains that entry and the terms under which it was secured do not necessarily entail a set of automatic consequences; their impact depends to a large extent on domestic attitudes and policies, on the ability to maximize the potential benefits and minimize the costs of membership within the prospects of an evolving Community and the constraints of the international economic environment. Greece may have come a long way from one among the "Forgotten Five"--as Greece, Turkey, Iceland, Ireland, and Portugal were called in the early days of European cooperation--to a full Community member. But her ability to harness the economic stimulus of integration will depend on her choice and implementation of internal adjustments and policies as well as on the extent to which the European dimension of these policies are absorbed in her economic and social structures. To the extent that internal policies fall short of this



objective, and given the endemic structural problems of the Greek economy, Community membership could easily be made a scapegoat for political and economic difficulties at home, having lost its predominance in the hierarchy of foreign-policy considerations.

With the deeper issues and challenges of membership coming into full view, a new entrant is bound to experience disillusionment as the reality of membership is translated into the daily grind and low politics of mostly technical negotiations. In the case of Greece the problem was more serious, since the Socialist Party (PASOK) that came in power following the national elections of October 1981 lacked a clearly defined European policy: while its earlier categorical commitments to pull the country out of the Community had begun to be qualified before the elections, the gradual moderation of its positions reflected an ambiguity with respect to Greece's role as a member state. For example, during a discussion meeting at the Royal Institute of International Affairs in London in November 1980, PASOK's President Andreas Papandreou ruled out the withdrawal from the Community as a policy choice; and while leaving his options open (as, for example, on the question of a referendum), he favoured the renegotiation of Greece's terms of entry in the British manner. After the elections, however, although the idea of a bid for renegotiation was maintained for some time as the formal policy line of his government, it was eventually seen by critics as a tactical move serving domestic political

expediencies. On the other hand, its eventual abandonment probably resulted from a sober assessment of the prospects of success that such a course of action would have, and perhaps from the realization that the British experience could hardly be extricated from its specific historical context and used as an example.

The Socialist Government's options were finally crystallized in the "Greek Memorandum," which was an attempt to establish the uniqueness of the Greek case by highlighting the structural weaknesses of the economy; and to use this as the basis for a series of demands for deviations from Community rules (in an effort to obtain a greater degree of freedom for the protection of sensitive sectors) and requests for substantial increases in financial assistance. It is worth noting that Greece's emphasis on the uniqueness of her case is a continuation of a recurrent theme of the negotiations period.

Processed through the channels of Community decision making, the Memorandum had to shed most of the demands for derogations, while the requests for increased financial assistance were eventually absorbed and handled within the Community's integrated Mediterranean programmes. These are integrated programmes of regional development--their objective being the comprehensive development, adaptation, and support for employment and income of specific Community Mediterranean areas for which the impact of Iberian enlargement would be felt more strongly (areas from the whole of Greece and certain French and Italian regions are eligible in this respect).

While the Greek Memorandum's primary concern with the problem of economic convergence coincided with one of the major issues facing the enlarged Community, its effectiveness as a policy instrument in this respect proved limited. The Government's singleminded preoccupation with formulating and defending its often ill-fated proposals evolved into a lengthy process which diverted scarce administrative resources from the more pressing internal adjustments dictated by the membership requirements--as, for example, in the case of the introduction of the common system of VAT for which the Greek Government sought twice, and was granted, extensions of the deadline. Furthermore, preoccupation with the quantifiable aspects of budgetary flows and Community credits, combined with an ephemeral attention to the wider financial implications of Community membership (a theme that may be traced in the accession negotiations), left little room for a systematic approach to the persistent difficulties facing Greece's balance of payments--difficulties which pose a serious constraint on her prospects for economic growth and development and, hence, on the convergence of her economy within an enlarged Community.

Quite apart from criticisms on the necessity and sufficiency of the Greek Memorandum as a policy instrument, the fact remains that the qualitative aspects of Community financial transfers have been largely neglected. Given the nature of Community rules, domestic weaknesses could more clearly be observed in connection with an "open"

financial instrument, such as the Social Fund, than with the ERDF, where the existence of funds specifically earmarked for Greece eased the strains of adjustment. But underneath the surface the structural flaws could be uniformly seen everywhere, giving rise to the "watering-can" effect associated with the dispersal of aid too thinly over too wide an area, with little attempt to establish a coherent and systematic plan for the effective absorption and efficient allocation of Community funds within a broader development-policy framework. In this respect, and independently of the size of the transfers involved, the establishment of the integrated Mediterranean programmes may have a catalytic effect.

What perhaps marked a turning point in the Government's attitudes towards the Community was the first Greek Presidency during the second half of 1983. Although the agreed order of holding the Presidency limited the time available for its preparation and hence the scope of Greece's role, confining it to the handling of administrative duties, the generally recognized efficiency with which these duties were carried out generated a sense of achievement and self-confidence among the Greek bureaucrats and helped clarify the Government's real attitudes towards the Community.<sup>6</sup> On the other hand, one could not fail to observe a tendency to deviate from traditional Community practice as Prime Minister Papandreou consciously attempted to publicly expose the failure of the Athens Summit of December 1983 rather than diffuse it through the

diplomatic language of a communiqué--his motives largely deriving from a concern with the internal cohesion of his party in the light of the coming European elections of June 1984. But taken as a whole, the Greek Government's experience with the Presidency probably marked the end of an identity crisis with respect to Greece's role as a member state. Problems continued to exist, but they were in many respects shared by other members and reflected certain common themes in national attitudes towards the Community.

One such theme is the tendency by member states to use Community institutions as an instrument for the promotion of national policies and the maintenance of internal political balances. In the case of Greece this may be observed distinctly in the field of European political cooperation (EPC)--where her idiosyncratic attitudes on various issues have often led to positions that were at a significant variance with the rest of the Community, while being translated at home as a "nationally proud stance." However, Greece's move to raise her dispute with Turkey as a Community problem at the Hague Summit in June 1986 and her intention to maintain it as such within the EPC framework may lead to a closer alignment of her positions with those of the Community on other issues. The lifting of her veto on the reactivation of the Turkish association agreement and the normalization of Turkey's relations with the Community has thus been made dependent on a set of primarily security conditions. Quite apart

from their detailed content, what merits attention is the reemergence of the idea of preconditions as a scenario reminiscent of Greece's conditional agreement to Iberian enlargement at the Dublin Summit in December 1984 (made dependent on a substantial increase of Community funds for integrated Mediterranean programmes).

Another theme that has characterized Greece's postaccession record is her willingness to retreat from anti-Community positions as a result of, or in anticipation of, greater economic benefits--as, for example, in connection with the securing of high agricultural prices for Greek farmers. In practice, however, this change of attitude has simply led to a passive adjustment to the process of European integration, to a "reactive" rather than an active policy making,<sup>7</sup> and to the virtual reduction of relations with the Community into an accountant's balance sheet of financial transactions and transfers. It is natural, of course, to observe the unalloyed passions of the negotiations era gradually giving way to a more pragmatic approach to Community membership. But in the case of Greece what may further be observed is the emergence of "pragmatic interest politics," of a concern with simple economic gain combined with a lack of any strong ideological commitment to Community efforts towards further integration.<sup>8</sup>

This problem becomes more acute when account is taken of the continuously changing dimensions of Community policies and the fact that Greek accession coincided with

an extensive reappraisal of a large spectrum of the *acquis communautaire*. With the deepening of the Community, issues that were once the exclusive domain of national governments are gradually dealt with at the supranational level, as solutions are sought within the Community's institutions and decision-making processes. For Greece this may prove a painful development: the need for a more effective structural policy might require not only a redistribution of expenditure within the Community budget but also a more optimum redistribution between the Community and the national budgets--which would inevitably imply the transfer of certain tasks and responsibilities from the member states to the Community and hence a loss in the degree of manoeuvre in domestic politics.

The resistance to proposals aimed at increasing the Community's capacity for common action is a theme not peculiar to Greece but shared by other member states, especially Britain and Denmark--as seen, for example, in their fears and reservations with respect to recent moves towards European Union and the revision of the Treaties. But what perhaps sets Greece apart is the fact that this conflict between Europeanism and nationalism, even though it has left its indelible mark on her post-accession relations with the Community, is more a reflection of the ambivalence that characterizes Greece's attitudes and policies<sup>9</sup> and less the result of clearly defined political ideologies.

It is this ambivalence that points to the challenge facing Greece: the extent to which it will be limited will determine the extent to which the integration process will be absorbed in her economic and social structures. This, however, will largely depend on Greece's ability to view Community membership not as an external parameter but as an integral element in the formulation of a stable and internally transparent policy towards Europe--a policy that treats the furthering of both the long-term national interest and European integration as two mutually consistent objectives. In such a context, and despite the prosaic realities of Community life, the idealism that briefly resurged at the time of Greece's entry might not be entirely lost. The record of her accession is the record of a pilgrim's progress towards the European ideal, and perhaps it would not have succeeded if it didn't signify the completion of a cycle that began in the 18th century with Europe's pilgrimage in search of the Hellenic ideal.



## NOTES

- 1 For an assessment of the British experience in this respect see Ralf Dahrendorf, "A New Goal for Europe," in European Integration, ed. Hodges, p. 75.
- 2 Especially his European Community and Mediterranean Enlargement.
- 3 See in particular Hutton, "Salience of Linkage in Negotiations," pp. 156-59, and Simon Bulmer, "The European Council's First Decade: Between Interdependence and Domestic Politics," Journal of Common Market Studies 24 (December 1985):94-95.
- 4 Hutton, "Salience of Linkage in Negotiations," p. 157.
- 5 For a discussion of the concept and its analytical relevance see Bulmer, "Domestic Politics."
- 6 This last point is noted by Th. Couloumbis in his article "Levels of Analysis toward the Evaluation of Greece's Presidency of the European Communities" (in Greek, with English summary), Revue hellénique de droit européen, no. 3 (1983), pp. 653-61.
- 7 Distinguishing between these two approaches, Bulmer writes:  
 "Active policy-making requires political will, good policy co-ordination and a rational approach. Reactive policy-making tends to witness issues being processed through 'standard operating procedures' in the government bureaucracy and, in the case of European policy, is associated with the framing of responses to Commission initiatives" ("Domestic Politics," p. 361).
- 8 This theme was initially observed in connection with earlier developments in European integration but seems to have retained its relevance in interpreting recent events. See Ernst Haas, "'The Uniting of Europe' and the Uniting of Latin America," Journal of Common Market Studies 5 (1967):327, cited by Hodges, Introduction to European Integration, ed. Hodges, p. 25.
- 9 The wider aspects of this ambivalence as a characteristic not only of Greece but of Southern Europe as a whole are noted and examined in Juan Linz, "Europe's Southern Frontier: Evolving Trends Toward What?" Daedalus 108 (Winter 1979):180-81.

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- CONF-GR/5/76      Ministerial Meeting Opening the Negotiations between the European Communities and Greece. "Statement Made by Mr. François-Xavier Ortoli, President of the Commission of the European Communities."
- CONF-GR/6/76      Ministerial Meeting Opening the Negotiations between the European Communities and Greece. "Statement by Mr. Panayotis Papaligouras, Minister for Co-ordination and Planning of the Greek Government."
- CONF-GR/7/76      Ministerial Meeting Opening the Negotiations between the European Communities and Greece. "Draft Minutes."
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- MEMO-GR/1/76      "Note from the Greek Delegation on the Organization of and Procedures for the Negotiations" (submitted 29 November 1976).
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- CONF-GR/8/76 1st Session of the Conference at Deputy Level, Brussels, 10 December 1976. "Statement by the Community Delegation Concerning the Organization and Working Methods of the Negotiations."
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## 2. Other Official Documents

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